

Overview of Benefit Programmes 2003

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1 Social protection in Finland and the role of the Social Insurance Institution (SII)

1.1 General

Social policy, social security. Social policy is shaped by society and the prevailing social standards. According to a widely accepted definition, social policy is a means of providing for all citizens a reasonable standard of life and living. Aside from social protection, social policy can be understood to encompass aspects relating to labour, health, housing, alcohol, and education policies. Social protection can take the form of either cash benefits (income maintenance) or services.

The aim of social protection is to provide, for individuals as well as families, an income security against *a number of risks and hardships*, including those related to health, work disability and functional incapacity, old age, death of a breadwinner, family and children, unemployment, housing and social exclusion.

The development, targeting and financing of social policy may be examined by means of *social expenditure calculations*, which show the yearly expenditures on social and health security benefits based on law or labour market agreement. (Of the SII benefits, student financial aid and school transportation subsidy have not been included in the calculations.)

The social security programmes of the SII. The Social Insurance Institution is one of the bodies carrying out Finnish social security. It is a public agency operating under parliamentary supervision.

The SII is responsible for implementing social security programmes that give protection, in a variety of life situations, to everyone living in Finland, including National Pension Insurance, National Health Insurance, rehabilitation benefits, basic unemployment protection, income maintenance benefits for families with children, general housing

allowances, student financial aid and school transportation subsidies. In addition, the SII administers various disability benefit programmes and provides conscripts' allowances and various benefits for immigrants.

The SII has a nationwide network of offices, 323 in all, to carry out its duties.

The first section of the Summary is aimed at giving a picture of the SII's social security provision as part of a larger whole.

1.2 Pension provision

Pension schemes

Total pension cover. The Finnish pension system consists of two statutory pension schemes providing employment pensions and national pensions, respectively. Together, these two schemes make up the retirement income security system which provides pensions in respect of old age, incapacity for work, long-term unemployment and death of the provider. There are a number of additional laws that provide for pension security in specific contingencies.

The employment pension system will be changed at the beginning of the year 2005. The changes are aimed at increasing the effective age of retirement, adjusting pensions to longer life expectancies and simplifying the system. This will have an impact on the national pensions system as well. However, the benefit information in this Yearbook reflects the situation at the end of 2003.

In this Yearbook, the term "employment pension" is used to refer to the pensions paid to wage and salary earners, civil servants, and self-employed persons.

Employment pensions can be granted to persons with past earnings from dependent or independent employment. *National pensions* are paid in proportion to any other pension income to which the recipient may be entitled. In practice, it is only granted to those who either do not qualify for any other type of pension or whose pension income is small. Generally, all residents of Finland are guaranteed a total retirement income that is at least equal to the full national pension.

National pension cover. The *national pension* is intended to secure the basic livelihood of pensioners whose other pension income is small or non-existent. National old age, disability and unemployment pensions can include a pension-tested component and various other components. A national pension may consist entirely of various formerly supplementary components (e.g. housing allowance, care allowance, front-veterans' supplement and increase for children).

National survivors' pensions are paid in the form of spouses' and orphans' pensions, which can include a basic amount, an additional amount and a housing allowance (not available with orphans' pensions). Both national pensions and national survivors' pensions are paid out by the SII.

Employment pension cover. The purpose of the employment pensions is to enable the pensioners to maintain their accustomed standard of living. The amount of the pension is linked to the length of the pensioner's employment history and the amount of previous earnings. Employment pension accrues separately from each employment relationship and period of self-employment. The resultant pensions are adjusted to cover altogether 60–66% of the recipient's previous earnings.

The employment pensions system is comprised of several public- and private-sector pension schemes. They are defined in Acts of Parliament providing for pensions for employees in general (Employees' Pensions Act, or TEL), temporary employees (LEL), the self-employed (YEL), farmers (MYEL), seamen (MEL), performing artists (TaEL), state employees (VEL), local government employees (KuEL), and employees of the Evangelical-Lutheran Church of Finland (KiEL). Also included under employment pensions are various pensions paid by the state and local governments on the basis of earlier pension provisions as well as pensions paid by a number of public institutions.

The pensions paid under the employment pensions legislation include old age, disability, unemployment, part-time and survivors' pensions.

Voluntary pension cover is considered to include all supplementary pensions registered according to Article 11 of TEL as well as unregistered supplementary pensions paid by pension foundations and funds, all of which are aimed at providing a higher pension cover.

The employment pension system is implemented by the employment pension institutions (private-sector pensions), and by the State Treasury and the Local Government Pensions Institution (public-sector pensions). The Finnish Centre for Pensions is a central organization of the employment pension institutions.

Special pension cover. *Special pensions for agricultural entrepreneurs* are intended to secure the livelihood of farmers who give up farming. These pensions are defined in the following Acts of Parliament: Act respecting Farm Closure Subsidy (LUTUL), Change-of-Generations Pensions Act (SPVEL), Farm Closure Pensions Act (LUEL), and Act respecting Farm Closure Compensation (LUKL). New pension awards are made according to the Act respecting Farm Closure Subsidy.

Further pension cover under the *Accident Insurance, Motor Insurance, Military Injuries, and Military Accidents Acts* as well as other comparable retirement benefits (life annuities, assistance pensions) are aimed at protecting the recipient's livelihood in the event of the specific contingencies which they cover.

Financing

The SII's pension expenditure was in 2003 financed with contributions from employers to the National Pension Insurance, with state subsidies, and with VAT revenues.

The pensions for regular and temporary employees as well as those for freelance employees are financed by both the employers and the insured, the farmers' and change-of-generations pensions by the farmers and the state, and the farm closure compensations and pensions by the state alone. Farm closure subsidies for the years 1995–99 are financed by the state and the European Union, while the subsidies for the years 2000–2006 will be funded nationally. Self-employed persons' pensions are financed by the insured and the state; seamen's pensions by the insured, the shipowners, and the state. The state, local government and church employees' pensions are paid out of the relevant public funds, though the insured also contribute.

Accident insurance cover is financed by the employers, while farmers' accident insurance is financed by farmers, the state, and the SII. Motor insurance cover is financed by vehicle owners. The military injuries and accidents compensations are paid by the state.

The financing of the SII's pension schemes is based on the *pay-as-you-go* principle (meaning that pension benefits are financed with current revenues). Nearly all of the public- and private-sector employment pensions are partly *funded*.

Statistics

Each pension institution is responsible for compiling statistics on the pensions it provides. As a single individual may receive a pension under several different Acts, the SII and the Finnish Centre for Pensions also compile joint statistics on the total number of pensioners and their total pension income from various sources. These joint statistics cover SII-provided pensions, employment pensions (TEL, LEL, YEL, MYEL, TaEL, MEL, VEL, VPEL, KuEL, KVTEL), state and local government employees' old-type pensions, church employees' pensions, and the employee pensions of the Bank of Finland, the Social Insurance Institution, and the Province of Åland, as well as special farmers' pensions (LUTUL, SPVEL, LUEL, LUKL).

National pensions consisting entirely of a housing allowance, care allowance, front-veterans' supplement or increase for children are not counted in the joint statistics as national pensions, as they are in the SII's own statistics. For pensioners with an employment pension, the expenditure on them is included in employment pensions.

Recipients of pensions paid under the Accident Insurance, Motor Insurance, Military Injuries and Military Accidents Acts are included in the joint statistics provided that they also receive a national or employment pension. The same rule for inclusion applies to the pensions paid under these Acts when presented as a share of total pension income. Data on private pensions is not included in the joint statistics.

In the joint statistics, the category "new recipients of a pension" includes first-time recipients and those who have not received a pension for two years or more. This definition differs from that used in the SII's own

statistics, in which the category includes both first-time recipients and those previous recipients whose last pension ended at least one month ago.

1.3 Disability benefits

The disability benefits are aimed at helping persons with disabilities manage better in their lives. They can take the form of cash benefits or services.

Financial benefits. The disability benefits paid by the Social Insurance Institution are intended to compensate the recipients for the handicap and financial strain imposed by the disability. Depending on the recipients' circumstances, the SII can pay child disability allowance, disability allowance (for recipients of working age), or pensioners care allowance.

Under the Employment Accident Insurance Act, the Third-Party Motor Insurance Act and the Military Injuries Act, persons with disabilities are eligible for injury or helplessness supplement. Further, under the Act on Services for the Disabled, they have a right to local authority benefits awarded towards the expenses arising from the disability. The municipalities may also provide a home care allowance for persons with disabilities (payable to family members).

Services. Under the Act on Services for the Disabled, municipalities are required to arrange services for the disabled, who can also make use of home help, housing services, services for the mentally disabled, as well as rehabilitation services provided by various bodies, among them the SII.

1.4 Health security

Health care. By means of health care, society aims at systematically promoting and maintaining the good health of the population. As a health-promoting measure, public funds are used to provide health services and to compensate people for the costs arising from the use of the services. Public health services are subsidized with public moneys.

In this Yearbook, health care is considered to encompass hospital care, ambulatory care, provision of medication as well as medical equipment and aids, environmental health, health care administration, public investments, and the transportation expenses reimbursed by National Health Insurance. Health care is primarily financed by the state, municipalities, National Health Insurance, and private households.

National Health Insurance provides reimbursement for the costs of outpatient care in connection with illness, pregnancy and childbirth. The costs include doctors' and dentists' fees, prescribed medication, the examinations and treatment ordered by a physician at a private institution, as well as transportation costs arising from the treatment of the illness. In addition, National Health Insurance provides part of the funds for occupational and student health care.

Public health care expenditure comprises the financial contributions of the state, municipalities and National Health Insurance to the health services. Besides these contributions, the *total health care expenditure* includes also the private contributions to health care (e.g. the health expenses of private households).

Income maintenance during illness. *National Health Insurance* provides compensation, in the form of a sickness allowance, for loss of income due to incapacity for work. Further, it provides a compensation for loss of income to the parents of a sick child during the treatment and rehabilitation of the child. In respect of *farmers*, the sickness allowance is also paid for part of the waiting period. The *Employment Accident Insurance Act*, the *Third-Party Motor Insurance Act* and the *Military Injuries Act* require that daily allowance be paid during illness to persons covered under these acts. According to special provisions, compensations may be paid for loss of income due to certain injuries or damages. *Private* insurances can provide an additional income security for times of illness.

Under the Contracts of Employment Act, employers provide *full pay* during the initial period of illness, during which the sickness allowance is not yet payable. Collective bargaining agreements often prescribe longer periods of continued pay during illness.

1.5 Rehabilitation

The purpose of rehabilitation is to help to maintain and improve the rehabilitation client's functional status and work capacity. Various organisations offer rehabilitation services, either independently or in partnership with an outside service provider. Clients undergoing rehabilitation measures may also be eligible for income maintenance benefits.

Rehabilitation services are offered by a wide variety of organisations, and distinguishing rehabilitation from other activity can be difficult as it in many ways overlaps with health care, social services, education and labour administration. When different services are provided within an integrated framework, it is nearly impossible to separate rehabilitation from other services.

Estimate of rehabilitation expenditure. The estimate of rehabilitation expenditure (which served as background material for the Council of State's report on rehabilitation of 6 March 2002) covers the statutory spending on rehabilitation under different schemes, including rehabilitation expenditure within the municipal health care and social services sectors, by the Social Insurance Institution, by employment pension providers and under employment accident and motor insurance schemes, as well as the cost of income maintenance during rehabilitation. Further, it includes the provision of rehabilitation services for war veterans, the services provided by the labour and education administrations, and rehabilitation subsidies from the Finnish Slot Machines Association.

1.6 Unemployment benefits

Unemployed jobseekers are covered for, besides *unemployment pension*, *basic unemployment allowance* and *earnings-related unemployment allowance* as well as *labour market subsidy*. Persons on leave from their regular job can qualify for a special *job alternation compensation*. Financial assistance is also available to unemployed persons who undergo *labour market training* or pursue *self-motivated studies*. Unemployed persons' employment prospects and job search motivation are also supported by means of *rehabilitative work activity* and their chances of finding work outside their area of residence by means of a *travel allowance* scheme.

Redundant employees have been eligible for *redundancy pay*, possibly supplemented by a *training allowance*. Both of these benefits were discontinued at year-end 2002, but any benefits granted in respect of training initiated before the end of 2002 were paid out. In the case of bankruptcy of an employer, any *outstanding wages* and *salaries* are covered by the state. Employers as well as unemployed persons are supported through a number of measures with a view to promoting employment.

Unemployment allowance and labour market subsidy. Unemployment allowance is payable under two different schemes, the basic unemployment allowances scheme, which is implemented by the SII, and the earnings-related unemployment allowances scheme, which is implemented by the trade union funds. The SII is also responsible for the payment of labour market subsidy to those who are not eligible for unemployment allowance.

The SII-administered basic unemployment benefits are designed to ensure a minimum standard of living during unemployment.

The earnings-related allowance is paid to unemployed fund members who fulfil specified membership and employment conditions. The calculation basis of the benefit is previous earnings, and it is payable for a maximum of 500 days. If the recipient finds employment and works long enough to again satisfy the employment condition, the full 500-day entitlement is restored. An unemployed person whose earnings-related unemployment allowance has been discontinued can claim labour market subsidy.

Labour market subsidies are financed entirely by the government, the basic unemployment allowances by both government and wage earners, and the earnings-related unemployment allowances by government, the employers, wage and salary earners, and fund members.

Job alternation compensation. Job alternation compensations are paid to workers who go on leave for a specified period and whose employer hires an unemployed person as a replacement. After the leave, they can return to their regular job or some other comparable position. The compensations are paid by both unemployment funds (to fund members) and the SII. They are financed in the same way as unemployment allowances.

Labour market subsidy payable to employers in combination with a wage subsidy. For the purpose of re-employing a long-term unemployed person, labour market subsidy can be paid to employers either alone or in combination with a government wage subsidy. The labour market subsidy is paid by the SII (though financed by the state like other employment promotion measures), and the wage subsidy by the employment office.

Labour market training subsidy. The training subsidy is payable under two schemes. Members of trade union funds are eligible for earnings-related training subsidy, non-members for basic training subsidy. The SII also pays labour market subsidy to those who, though in training, do not qualify for the training subsidy. Both training subsidy and labour market subsidy can include a maintenance allowance.

The basic training subsidies and labour market subsidies are financed by the state, the earnings-related allowances by the state, the employers, employees and unemployment fund members. Further financing for benefits paid during labour market training is provided by the European Social Fund.

Support for self-motivated learning. Unemployed persons with a sufficient employment history are eligible for a training allowance if they choose to undergo training to improve their vocational skills. The training allowance is paid at the same rate as the unemployment allowance or the labour market subsidy. It is either based on previous earnings or paid at a basic standard rate. The earnings-related allowances are paid by unemployment funds, the basic allowances by the SII. The training allowances are financed in the same way as the unemployment allowances.

1.7 Income maintenance benefits to families with children

Families with children are eligible for a number of different benefits. To help with the support and care of a child, the following benefits are available: maternity grant, parenthood allowance, child day care subsidies, family allowance, orphans' pension, child maintenance allowance, child increases payable in association with various social insurance benefits, as well as benefits from voluntary life assurances.

The *maternity grant* represents a compensation for costs arising from childbirth and adoption. The birth or adoption of a child entitles the parents to a *parenthood allowance* (maternity, paternity, or parental allowance) paid by National Health Insurance for the duration of their parental leave. Some collective bargaining agreements require that employers continue to *pay wages* to workers during part of the maternity (or parenthood) leave.

The *child day care subsidies* are aimed at making it easier to arrange day care for a child under school-age after the parenthood allowance period is over. It is payable as either home care allowance, private day care allowance, or part-time care allowance. It is intended as an alternative

to municipal day care. Some municipalities provide supplements to the statutory benefits. In addition to paying out the statutory benefits, the SII has agreements with some municipalities to pay out the municipal supplements as well. Employees are entitled to a child care leave to look after a child 3 years old or younger.

Family allowance is payable for each child under 17. *Child maintenance allowance* is payable if the person who has been ordered to provide child support has failed to do this or if the court has not established maintenance liability.

The welfare of families with children is also promoted through several benefits relating to housing, illness and disability of a child.

1.8 Support for housing

Housing is supported by society through financial arrangements and the provision of various services. For the purchase or fundamental improvement of a dwelling, *loans or interest subsidy for loans* can be granted. Financial aid is available also towards *repair and renovation expenses*. Part of the interest paid on house loans is *tax deductible*.

Cash benefits are a form of direct support intended to reduce the housing costs of low-income households. They comprise a general housing allowance as well as a housing allowance payable to pension recipients, a housing supplement for students, and the cash housing assistance payable as part of the conscript's allowance. These benefits are all administered by the Social Insurance Institution.

Various types of *housing services* as well as *institutional and family care* are provided for people who need special care and assistance in their daily lives (e.g. elderly and disabled people, intoxicant abusers).

1.9 Income security for students

Society supports the income security of students in a number of ways. Student financial aid paid by the State is the most common form of study aid for full-time, independent students.

In addition to the main financial aid scheme for students, which is administered by the SII, employees and entrepreneurs are eligible for an *adult education subsidy* paid by the Education and Training Fund in respect of self-motivated training designed to improve their vocational skills. State guarantees for optional student loans are granted by the SII. The Education and Training Fund provides lump-sum training grants for those who have obtained vocational qualifications through a *competence-based examination*. There is a separate study grant system for *agricultural entrepreneurs*.

Adult education arranged by the labour authorities is intended mainly for the unemployed. *Income support during labour market training* can take the form of a training subsidy from an unemployment fund (earnings-related support), a training subsidy or labour market subsidy from the SII (basic support).

Unemployed persons who decide to undergo training designed to improve their vocational potential are eligible for a *training allowance*. Members of an unemployment fund get their earnings-related allowance from the fund, while the SII administers basic allowances not linked to previous earnings.

For students of upper secondary schools and vocational institutes, the Social Insurance Institution pays a *school transportation subsidy*. Financed by the State, it covers part of the cost of students' daily trips to and from school.

Orphan's pension is paid in the form of a national survivors' pension to orphaned students aged 18–20. *Rehabilitation grants* are paid from several sources (e.g. the SII) to the disabled who take training to maintain or improve their working capacity.

2 National Pension Insurance

The National Pension Insurance legislation comprises the National Pensions Act, the Pensioners Housing Allowance Act, the Survivors Pensions Act, the Front-Veterans Pensions Act, the Act on Front-Veterans Supplement payable outside Finland, as well as various enactments that are associated with this legislation.

Certain exceptions to the above Acts result from the application of EU provisions and international social security agreements.

Basic eligibility criteria

National pensions legislation. All residents of Finland are eligible for the national pension. Residence in Finland is defined in the Act respecting the Residence-Based Social Security Legislation. Citizens of Finland are entitled to a national pension if they have lived in Finland for at least three years after reaching the age of 16. Citizens of other countries qualify after a residence of five years.

Surviving spouses and orphans living in Finland are entitled to national survivors' pension, provided that the deceased was living in Finland when the death occurred. The residence requirements applied to the deceased and the surviving spouse are identical to those which must be satisfied to qualify for a national old age, disability and unemployment pension. Orphans are not subject to any residence requirements.

Refugees and stateless persons living in Finland enjoy the same rights as nationals of Finland regarding the implementation of the National Pensions Act and the Survivors Pensions Act.

The front-veteran's supplement and the additional front-veteran's supplement can be awarded to recognized veterans. The former can also be awarded to persons living outside Finland provided that they receive a Finnish national pension. Under a separate Act of Parliament, the front-veteran's supplement can be paid also to recognized veterans living outside Finland who do not receive a Finnish national pension.

If a recipient of a national pension or survivor's pension moves outside Finland, the payment of the pension is continued for one year, provided that the pension had been awarded at least one year before the move. The pension can be paid beyond this one-year limit if the recipient had immediately preceding the start of pension payment lived in Finland for ten years or if the residence outside Finland is essential due to an illness from which the recipient or his or her close relative suffers.

Effects of EU provisions and international social security

agreements. Certain provisions of the Finnish pensions legislation, based on the residence principle, are cancelled or modified by the EU provisions or social security agreements ratified by Finland. The EU provisions apply to citizens of EU Member States, citizens of Switzerland and so-called third-party nationals working in the EU/EEA or Switzerland, as well as to their family members. The Nordic Convention on Social Security applies to citizens of Nordic countries living in the European Economic Area but not covered by the EU provisions. Bilateral agreements provide reciprocal access to the pension benefits of the other signatory country.

Types of pension benefit

The employment pension reform scheduled to go into effect on 1 January 2005 has certain implications for national pensions which will be described in future editions of this Yearbook.

Old age pension is payable to insured people over 65. There is also provision for early and late retirement, on an actuarially adjusted pension. Retirement on a reduced pension is possible at 60.

Disability pension is payable to insured people between 16 and 65 who on account of disease, defect, or injury are unable to maintain themselves by their regular work or any other kind of work which, considering their age, occupation, education and place of residence, would be suitable for them. The pension can be granted either indefinitely or for a specified period, in which case it is referred to as a "rehabilitation subsidy". Persons under 20 years of age cannot get a disability pension until their rehabilitation prospects have been assessed.

A special type of disability pension, the individual early retirement pension, is payable to people aged 60 to 64 whose capacity for work has been permanently reduced. It is awarded on less strict eligibility criteria than the ordinary disability pension.

The individual early retirement pension will be discontinued with effect from 1 January 2004. Persons born in 1943 or earlier will, however, retain their right to seek an individual early retirement pension.

Those who receive a full disability pension from the SII can, in the event that they find gainful employment, choose to put their pension on hold and yet remain entitled to the pension at a later point. The pension can remain on hold for up to 5 years. While the pension is on hold, a special-rate disability allowance is paid for a period of 2 years.

Unemployment pension is payable to insured men and women between 60 and 65 who have been unemployed a long time and who, as a general rule, have been employed at least five years during the previous 15 calendar years. They must also have received unemployment allowance for the maximum period allowed and be registered with the employment office as unemployed and seeking employment.

Survivor's pension is payable to widows and widowers under 65, provided that the deceased was under 65 at the time of marriage (*spouse's pension*), and to orphans (*orphan's pension*).

Spouse's pension is payable to any widow(er), irrespective of age, who has or has had a child with the deceased. It is also payable if the widow(er) was over 50 at the time of death of the spouse, the marriage had lasted for at least five years and had been contracted before the widow(er) turned 50. However, women born before 1 July 1950 are eligible for spouse's pension on easier terms. Spouse's initial pension is payable for the first six months following the death of the spouse, and thereafter the widow(er) is entitled to a continuing pension. When a widow(er) aged 50 or over remarries, the spouses' pension is not discontinued.

Orphan's pension is payable to all half- and full-orphans under 18 as well as those between 18 and 21 who on account of studies or vocational training are unable to maintain themselves. Entitlement can be derived through a parent, an adoptive parent, or any other person who has assumed responsibility for the child. Full-orphans are entitled to two separate pensions, one through each parent.

Benefit rates

National old age, disability and unemployment pensions were in 2003 paid either as

- a *pension-tested* national pension possibly supplemented by various additional components such as pensioner's housing allowance, pensioner's care allowance, increase for children, and front-veteran's supplement or additional supplement, which are payable under the Front-Veterans Pensions Act; or
- a pensioner's housing allowance, pensioner's care allowance, front-veteran's supplement or increase for children paid *independently* of any other pensions or pension components.

National pensions are intended to provide a basic retirement income for those whose employment pensions are small or non-existent.

At year-end 2003, a full pension-tested national pension for a single recipient with no dependants living in a municipality in the higher cost-of-living category was 493.45 euros per month. The full national pension was available where annual income was 555 euros or less (see the section entitled "The effect of income, municipal cost-of-living classification and family status"). If annual income exceeded 12,130 euros, no national pension was payable. A full national pension for recipients living in a municipality in the lower cost-of-living category was 472.93 euros per month (single recipient, no dependants).

The full rate of the national pension for married recipients at year-end 2003 was 434.17 euros per month (higher cost-of-living category) or 416.69 euros per month (lower category).

National survivors' pensions can comprise a basic amount and/or an additional amount. *Spouses' pensions* can be further supplemented by a housing allowance which can also be paid separately (see [Table A](#)). At year-end 2003, the spouse's pension basic amount was 84.75 euros per month. The standard component of surviving spouse's initial pensions (comprising the basic amount and part of the additional amount) was for single recipients 260.49 euros per month in municipalities with a higher cost of living and 240.02 euros per month in lower-cost municipalities. *Orphans' pensions* also consist of a basic amount and an additional amount. At year-end 2003, the basic amount was 49.78 euros per month.

The effect of income, municipal cost-of-living classification and family status

The amount of the *national pension* is affected by the recipient's own pensions from past employment and comparable ongoing benefits. No disregards are applied to the income from pensions. Entrepreneurial income, income from capital or assets do not affect the amount of the national pension.

For purposes of the *additional amount of surviving spouse's pension*, outside income refers to income received continuously and at the same time as the pension, including employment pensions, earned income and income from capital. The *additional amount of orphan's pension* is reduced by other survivor pensions that the child receives in respect of the same deceased.

The municipal cost-of-living classification affects the *national pensions* and *additional amounts of surviving spouses' pensions*. Also the recipient's family status has an indirect effect – through various income limits – on the amount of income-related pensions/pension components.

The effect of other factors on pension benefits

Retirement before/after normal pensionable age. The national pension is payable at a *modified rate* to those receiving early old age pension or deferred old age pension (each month by which retirement is brought forward decreases the pension by 0.4%, each month by which retirement is postponed past age 65 increases it by 0.6%, except if the pension was granted before 1 January 2000, in which case the percentages are 0.5% and 1.0% respectively).

Institutional care. The housing allowance is not payable during care in a state-subsidized institution that lasts more than nine months. The national pension is payable at a *reduced rate* after three months in such an institution, except if the beneficiary (an old age, disability or unemployment pensioner) receives housing allowance, in which case the reduction coincides with the discontinuation of the housing allowance.

Adjustment of pension to the length of the recipient's residence in Finland. *Pensions payable under national pension legislation* are adjusted to the length of the recipient's residence in Finland (with the exception of the pensioner's housing allowance, increase for children and the front-veterans' supplements).

The effect of outside income on pension benefits

The income-related components include the pension-tested national pension, housing allowance, additional front-veteran's supplement, and the additional amounts of orphan's pensions and spouses' initial and continuing pensions. The rate of all these components decreases in proportion as the claimant's annual income from other sources exceeds a fixed maximum. The recognised annual income (there are a number of disregards), the level at which the recognised annual income begins to affect the rate of these components, and the rate of the decrease are therefore the significant factors.

Old age pension is adjusted if the claimant has lived less than 40 years in Finland while aged 16–64. The factor of adjustment is calculated by dividing the length of the residence in Finland by 40 years.

Other national pensions and the spouse's pension are adjusted if the claimant (or the deceased) lived in Finland less than 80% of the time between age 16 and the start of pension. The factor of adjustment is derived by dividing the length of the residence in Finland by 80% of the time between age 16 and the start of pension.

Employees within the EU/EEA who have been insured in another EU/EEA country besides Finland (also includes Switzerland) will have their pensions calculated according to the *EU provisions*.

Supplemental pension components

Supplemental pension components paid by the SII include the pensioners' care and housing allowances, the regular and additional front-veterans' supplements, and the increase for children. They can also supplement pensions paid by other Finnish pension providers.

Pensioners' care allowance

The pensioner's care allowance is payable to

- persons aged 65 or over or
- persons aged under 65 who receive disability pension either as a national pension or a (full) employment pension, or who receive special assistance for immigrants.

Payment of the allowance also requires that the recipient's functional status is impaired due to an illness or injury. It is intended as

compensation for specific services and home care needed to help the recipient remain at home and as reimbursement of additional expenses arising from the functional impairment. Persons with coeliac disease are entitled to a dietary grant, which compensates them for the additional cost of having to maintain a gluten-free diet. It is considered as a special form of pensioner's care allowance and is paid under that heading. Coeliacs may additionally be entitled to a regular pensioner's care allowance in respect of some other medical condition.

The allowance is graduated in three payment categories according to the amount of the expenses and the need of assistance. At year-end 2003, the *smaller allowance* totalled 51.48 euros a month, the *larger allowance* 128.17 euros a month, and the *special allowance* 256.32 euros a month. The *dietary grant* was as of year-end 2003 payable at a rate of 21 euros a month.

Pensioners' housing allowance

Pensioner's housing allowance is payable to persons who are living in Finland and

- are aged 65 or more or
- are between ages 16 and 64 and receive
- a disability, unemployment or spouse's pension from the SII
- under the employment pension legislation, an unemployment pension or (full) disability pension
- special assistance for immigrants
- under the Accident Insurance, Motor Insurance or Military Injuries Acts, a statutory disability pension or other compensation payable in respect of full work disability or
- a similar benefit from abroad.

The amount of housing allowance depends on the pensioner's other income, including income of the pensioner or his/her spouse received continuously and at the same time as the pension (e.g. employment pensions, earned income and income from capital). The value of assets exceeding a fixed limit is also counted as income. The recipient's family status and the number of children he/she has also affect the amount of the housing allowance through various income limits.

The amount of housing allowance further depends on the level of housing costs. The maximum allowable housing costs are graduated according to the location of the dwelling and the number of children. Housing allowance is only paid in respect of dwellings located in Finland.

Front-veterans' supplements

The front-veteran's supplement – payable to recognized veterans of the 1939–45 and 1918 wars – was 40.99 euros a month (at year-end 2003).

Additional front-veteran's supplement is payable to those front-veteran's supplement recipients who also receive a national pension. It is equal to 25–45% of the amount by which the national pension exceeded

84.75 euros a month (in 2003). The full additional front-veterans' supplement is equal to 45% of the previous additional amount if the pensioner has no other income that counts against it. The percentage is reduced as other income increases and can be as low as 25% if the pensioner has other income amounting to 181 euros or more per month (the limit in year 2003).

Front-veteran's supplement payable outside Finland. This benefit is payable to recognized veterans who live outside Finland and do not receive a Finnish national pension. The supplement is paid semiannually.

Increase for children

This supplement is payable to persons who receive a national pension, a full employment pension (excepting a survivor's pension) or a full disability pension paid in respect of an employment or motor accident or a military injury, and who have children under the age of 16 years. The increase for children was in 2003 paid at a rate of 18.30 euros per month.

Indexation

The national pension components are as a rule adjusted yearly to changes in the cost-of-living index. The income and property limits for the pension components are also indexed. Index adjustments are normally carried out on 1 January.

The benefits were raised by 1.2% in 2003 and by 0.6% in 2004.

Taxation

The national pensions, the basic and additional amounts of spouses' pensions paid under a 1990 Act of Parliament, and all orphans' pensions are taxable income. The rest of the SII pension benefits are tax-free. Tax relief is granted for pension income.

Statistical principles

The pension statistics in this Yearbook analyse, besides pensions in payment, also pension-in-payment changes (new and discontinued pensions).

The amount of pensions in payment refers to the pensions that are in payment (at the statistics compilation date) shown at their annualized value. The amount of pensions paid during a year refers, on the other hand, to the cumulative monetary value of pensions paid during various months, including retroactive payments.

Since 1997, it has been possible for national pensions to consist entirely of a pensioner's housing allowance, pensioner's care allowance or front-veteran's supplement (and, since 2001, of an increase for children). In the SII statistics, recipients of such pensions are counted as national pension beneficiaries.

In the SII statistics, “new recipients of a pension” is defined as including both first-time pension recipients and those previous recipients whose last pension ended at least one month ago.

Starting with the statistics for the year 2002, “pensioner’s care allowance” is used as an **umbrella term** covering both the regular pensioner’s care allowance and the dietary grant paid as pensioner’s care allowance. The regular pensioner’s care allowance refers to the three-tier (smaller/larger/special) care allowances and to so-called grandfathered care allowances.

3 SII’s disability benefits

The disability benefits are governed by the Child Disability Allowances Act and the Disability Allowances Act.

Basic award criteria. The child disability allowance is payable to children resident in Finland. Residence in Finland is also a condition for receiving the disability allowance.

Benefits. The child disability allowance is payable to children under 16 with a disability or a long-term illness. The allowance is awarded to alleviate the strain caused by the treatment of the child and is graduated in three payment categories.

The *smaller allowance* (rate at year-end 2003: 76.87 euros a month) is paid to children whose treatment causes an added financial or other strain. The *larger allowance* (179.37 euros) is awarded in cases where the strain is considerable, and the *special allowance* (333.12 euros) in the event that the treatment of the child imposes an extreme strain.

The disability allowance is aimed at making it easier for disabled persons of working age who are not in receipt of a pension to manage in their daily lives and to cope with work and studies.

Persons between 16 and 64 whose ability to function has been reduced on account of an illness or injury are entitled to the allowance. It is intended to provide a compensation for the handicap, need of assistance and special expenses caused by the illness or injury and, in the same way as the child disability allowance, is graduated in three payment categories (see above). It is also disbursed at the same rate as the child disability allowance. Persons with coeliac disease are also entitled to a compensation for the additional cost of maintaining a gluten-free diet (*dietary grant*), payable at a rate of 21 euros per month as of year-end 2003. It is possible to receive both a dietary grant and a regular pensioner’s care allowance on account of some other medical condition.

There are a number of benefits and pensions which preclude the payment of the disability allowance.

Persons who have their full-rate national disability pension suspended can, for a period of up to two years, receive a special disability allowance as a replacement.

The child disability allowance and the disability allowance cannot be awarded to persons who are being treated or looked after at an institution operating mainly on public funds. The payment of the allowances is discontinued after the institutional care has lasted three months.

The child disability and disability allowances are exempt from tax. They are adjusted annually to changes in the cost-of-living index, and were increased by 1.2% and 0.6% respectively in 2003 and 2004.

Statistical principles. "Disability allowance" is used as an umbrella term covering both the regular disability allowance and the dietary grant paid as disability allowance. The regular disability allowance refers to the three-tier (smaller/larger/special) disability allowances and to so-called grandfathered disability allowances.

4 National Health Insurance (NHI)

The National Health Insurance Scheme covers the following benefits: sickness allowances, parenthood allowances, special care allowances, refunds of medical expenses as well as occupational and student health services.

4.1 Medical care and income security benefits

Basic eligibility criteria

National health insurance legislation. NHI covers all residents of Finland. Residence in Finland, and consequently also eligibility for benefits under NHI, is defined by the Act respecting the Residence-Based Social Security Legislation.

In order to qualify for the parenthood allowance, claimants must have been living in Finland for at least 180 days immediately before the date on which their child is due to be born.

The cost of medical care provided outside Finland (not including travel costs) is covered by NHI if there was an immediate need for medical attention and the costs cannot be recovered from the host country's health system. The cost of actively seeking treatment abroad is usually not refunded.

EU provisions and international social security agreements.

Application of the EU provisions and the social security agreements ratified by Finland (those which encompass medical care) results in certain exceptions to the general residence-based health security provisions. Persons insured under the national health insurance scheme of a Member State are entitled to receive emergency medical treatment during a temporary stay in Finland at the same price as persons resident and insured in Finland. Also persons covered by certain other social security agreements are entitled to equal treatment during a temporary stay in Finland.

Benefits

Sickness and parenthood allowances

Sickness and parenthood allowances are income maintenance benefits payable on account of temporary incapacity for work caused by an illness and of childbirth and child care, respectively. Also adoptive parents are entitled to the latter benefit, which is payable as maternity, paternity or parental allowance.

Sickness allowance. The sickness allowance is paid in respect of work incapacity due to an illness. Its amount can be linked to previous earnings or certain preceding benefits, or it can be paid at a minimum rate. It is intended to provide compensation for a loss of earnings caused by incapacity lasting less than a full year. It is paid to employed and self-employed persons aged 16–64 who are prevented from carrying out their regular job or a comparable gainful activity, for a maximum of 300 weekdays (incl. Saturdays). All weekdays for which the allowance has been paid during the two years immediately preceding the onset of the work incapacity generally count towards this maximum. A waiting period, during which the allowance is not paid, comprises the day on which the illness begins plus the following nine weekdays.

If incapacity for work continues for at least 55 calendar days, sickness allowance can be awarded even if the requirement concerning prior employment is not met. Not meeting the requirement means being willingly or negligently unemployed for three months before the incapacity for work.

Parenthood allowance. The parenthood allowance is payable for 263 weekdays. For the first 105 days, it is paid to the mother (“maternity allowance”); for the next 158 days it can be paid alternatively to the mother or the father (“parental allowance”). Further, fathers are eligible for a “paternity allowance,” which is payable for up to 18 weekdays (divided into a maximum of four periods) at any point during eligibility for maternity/parenthood allowance. Also a cohabiting father qualifies.

Fathers who take the last 12 weekdays of the parental allowance entitlement are eligible for an additional 12 weekdays of paternity allowance after payment of the parental allowance has ended. The mother and father can share their entitlement to parental allowance in a way that allows them to receive partial parental allowance concurrently.

Entitlement to the benefit begins on the 155th day of pregnancy, and the recipient can choose to have payment started 30–50 weekdays before the estimated time of birth.

In the event of a multiple birth, the parenthood allowance entitlement is extended by 60 weekdays for each additional child. The extension can be used by either parent. Parents can use the extension during the actual parenthood allowance period with both parents taking a child care leave at the same time.

The amount of the allowance. The amount of the sickness and parenthood allowances depends on the taxable income of the recipient. Prior to the calculation of the allowance, wage earners' income-related costs and 4.8% of their contributions to employment pension and unemployment insurance are deducted from the earnings. As of 2003, the allowance is equal to 70% of annual earnings up to 26,124 euros. On earnings exceeding this limit, the allowance will be less than 70% of earnings. There is no maximum limit.

Sickness allowance is not paid if annual earnings are less than a specified amount (1,003 euros as of 2003). However, persons with no or low income are entitled to a *minimum sickness allowance* (11.45 euros daily as of 2003) if they have been incapacitated for work for a consecutive period of 55 calendar days, or even earlier if it is clear already at the onset of the incapacity that it will last at least 300 weekdays. In the latter case, sickness allowance can be paid immediately after a waiting period consisting of the day of onset of incapacity and the following 9 weekdays.

The parenthood allowance is never paid at a rate below a *specified minimum amount*. In 2003, this amount was 11.45 euros per day.

The amount of the sickness and parenthood allowance may also be determined by a preceding benefit.

The allowances are adjusted to changes in the TEL index of earnings-related pensions. The allowance amounts were raised by 2.4% and 2.3% respectively at the beginning of 2003 and 2004. No yearly adjustments apply to the minimum-rate allowance, but it was raised at the beginning of 2003. The sickness and parenthood allowances are taxable income.

Special care allowance

The special care allowance is paid for children under 16 to a parent whose presence is considered medically necessary during in- or outpatient treatment, subsequent home care, or a statutory adaptation training or rehabilitation course, provided also that the parent is prevented from working and thus without a salary. The allowance is calculated in the same way as the sickness allowance but always paid at a rate of at least 11.45 euros per day (as of 2003). It is taxable income.

Other compensations for loss of income

Persons who under the Act on Communicable Diseases have been debarred from their place of work are, besides a sickness allowance, entitled also to a compensation for loss of earnings paid out of NHI moneys.

Organ/tissue donors are entitled to a sickness allowance during the time they are incapacitated for work (also during the waiting period).

If an employer pays an employee a wage or salary, or a special bonus, during the employee's annual leave, and the employee has received parenthood allowance during the time he or she was not at work, the employer can claim compensation for this expense from NHI.

Refunds of medical expenses

Besides providing income maintenance benefits, NHI covers its members for medical expenses in connection with illness, pregnancy and confinement.

Covered are

- *drugs* prescribed by a doctor or dentist as well as prescribed pharmaceutical nutrients and emollients used for the treatment of respectively severe diseases and long-term skin conditions (self-care medicines excluded), all non-covered medicine costs in excess of 601.15 euros (2003) a year (this is referred to as the additional refund),
- private-sector *physician services*,
- private-sector *dentist services*
 - oral and dental examination and treatment, preventive dental care; orthodontic or prosthodontic services are not covered
 - front-veterans are under a separate law entitled also to reimbursements for prosthodontic services,
- private-sector *examinations and treatments* performed or prescribed by a *doctor*, as well as
- *transportation services* and *overnight stops* necessary for the diagnosis and treatment of illness.

In the case that the annual travelling expenses not covered by NHI exceed the annual deductible (157.26 euros in 2003), NHI will refund the exceeding part in full (known as the additional refund).

The NHI refunds are determined in different ways. Some require that the patient first pay a specified deductible. A certain percentage of the costs exceeding the deductible are then returned to the patient. Also, doctors' and dentists' fees as well as examination and treatment charges are refunded according to a fixed scale of charges defined by the Ministry for Social Affairs and Health. If the actual fee exceeds the fixed charge, the refund is calculated on the basis of the fixed charge.

Under the provisions in effect in 2003, when NHI-covered services were furnished by the private sector, NHI paid

- 50% of all *medicine costs* in excess of a fixed minimum per purchase (10 euros in 2003) or, more rarely, nearly all medicine costs (scheme members suffering from certain specified conditions qualify for a 75% or 100% refund of costs exceeding 5 euros);

Certain significant but high-cost medicines are subject to refund rules which require that their therapeutic value must be shown for each patient individually before they qualify for a 50% NHI refund.

- 60% of that part of *doctors' and dentists' charges* which does not exceed the charge specified for these services
 - for front-veterans, 100% of the charges for oral or dental examination and treatment and the clinical part of prosthodontic treatment given by a dentist or a dental technician, and 60% of the costs of other

dental services for veterans, with the exception of prosthodontic laboratory work, where the refund rate is 50%;

- 75% of that part of *examination and treatment charges* which falls between a fixed minimum (13.46 euros in 2003) and the charge specified for these services per prescription and
- all *transportation costs* in excess of a fixed minimum (9.25 euros in 2003) per single trip.

As for *overnight stops*, NHI will pay all costs not exceeding 20.18 euros a day.

Aggregate of benefits

NHI is generally liable when a benefit in respect of incapacity for work is payable under both NHI and an occupational scheme. Where, on the other hand, such a benefit is payable under both NHI and employment accident insurance, or both NHI and third-party motor insurance, NHI is the subsidiary scheme.

When a scheme member receives sick- or maternity-leave pay from his employer, that part of his sickness or parenthood allowance under NHI which does not exceed this employer contribution is paid to the *employer*. The employer is also entitled to compensation from NHI for any wage or salary paid while the employee was on parenthood allowance.

When a scheme member receives earnings-related unemployment allowance during incapacity for work, that part of his sickness allowance under NHI which does not exceed this allowance is paid to his *unemployment fund*.

Sickness allowance and refund of medical expenses are paid to the *Patient Insurance Centre* when the patient has received compensation from the association during the disability period or for the medical expenses in question.

If a municipal social service board finances NHI-covered services, the refund under NHI is paid to the *board* and not the insured person.

Payment of benefits

Scheme members who belong to an employee sickness fund receive their NHI benefits through the funds. The rest receive their benefits through the SII's branches.

A scheme member buying covered medicines and drugs need not make a claim for his NHI refund. Under an agreement concluded with the SII, the pharmacy will make the claim and charge him only the remaining costs.

Also aimed at streamlining the claims process is an arrangement that enables patients to authorize a provider of health services to collect the SII refund to which they would be entitled. Under this arrangement, the patients need only pay the difference between the refund and the actual cost of the service.

Statistical principles

Sources. The data on National Health Insurance refunds are obtained from the central payment records for the individual benefits. The statistics on illness and occupation are based on a 6.6% sample of the insured population.

Number of refunds. For medical services the number of deductible items is given. This means, for medicines, the number of visits to the pharmacist; for doctors' and dentists' services, the number of calls or prescription transactions outside the doctor's office; for examinations and treatments, the number of doctors' or dentists' orders; and for transportation services, the number of single journeys.

Number of compensations. For sickness and parenthood allowances the number of spells begun, beneficiaries, instalments paid, and compensation days is given.

Minimum parenthood allowances do not include the allowances paid to mothers who have returned to work while eligible for parenthood allowance.

Sickness allowance is not payable for the first nine days of illness, not including Sundays and the day on which incapacity for work began.

NHI is generally liable when a benefit in respect of incapacity for work is payable under both NHI and an occupational scheme. Where, on the other hand, such a benefit is payable under both NHI and certain other schemes (eg employment accident insurance, third-party motor insurance), NHI is the subsidiary scheme. Because of this, only part of the sickness allowance days for which benefit was payable under more than one scheme are included.

Expenditure on benefits. The SII statistics analyse both the amount of NHI refunds and the insured person's expenses before the NHI refund.

4.2 Occupational and student health services

Employer-provided occupational health services. Employers are required by law to provide occupational health services to their employees with a view to preventing work-related health hazards. In addition to the *statutory services*, employers can opt to provide their workers with *wider access to health services*.

Under the Health Insurance Act, employers are entitled to a reimbursement of the necessary and reasonable costs of arranging occupational health services. There is maximum per-employee limit for the reimbursement, and up to 50% of the total costs approved by the SII are reimbursable. As of the beginning of 2002, the reimbursement rate for certain preventive occupational health services is 60%. The reimbursements are paid once per accounting period based on a claim submitted by the employer.

There are two reimbursement classes. The costs of statutory occupational health services belong to reimbursement class I, while optional general practitioner-level services are included in class II. The maximum per-employee reimbursements applicable in 2001 were as follows:

	Reimbursement	
	class I	class II
Costs (e)	116.55	175.76
Reimbursement (e)	58.28	87.88

Higher reimbursements can be granted for special reasons (e.g. small number of covered workers).

The occupational health services can be offered through the employer's own occupational health unit or one operated jointly by several employers. In addition, they can be purchased from another employer or the municipal health centre, an organization licensed to provide occupational health services, or some other health care professional.

Occupational health services for entrepreneurs and the self-employed. Entrepreneurs and other self-employed persons are entitled to a reimbursement of the necessary and reasonable costs of any occupational health services they choose to purchase for themselves. The reimbursements cover services included within the definition of *statutory occupational health services*. Up to 50% of recognized costs are reimbursed.

A national coordinating centre operates under the auspices of the Finnish Institute of Occupational Health. State subsidies towards its consultation, training and assorted other expenses are paid by the SII.

Student health services. A certain part of the National Health Insurance funds go to the Finnish Student Health Service as reimbursement for the cost of health services it provides to university and college students.

5 Rehabilitation provision by the SII

The rehabilitation activities of the Social Insurance Institution are governed by three acts, pertaining respectively to the rehabilitation services which the SII is required and authorized to provide, the cooperation between rehabilitation organisations, and the rehabilitation allowances.

Rehabilitation services

Rehabilitation provided and reimbursable by the SII can be awarded persons insured under the National Pensions Act and the Health Insurance Act.

The SII is required by law to provide vocational rehabilitation for persons with impaired functional capacity and medical rehabilitation of persons with severe disabilities. The state budget includes a special allocation that the SII can use to arrange other vocational and medical rehabilitation.

Vocational rehabilitation for persons with impaired functional capacity. If a person's capacity to work and financial self-sufficiency significantly decline due to an illness or injury, he or she must be given the chance to obtain

- essential vocational training in order to maintain or improve his or her capacity to work (eg rehabilitation examinations and work testing, training aimed at maintaining work capacity, and basic education, further education and retraining)
- assistance with running a business or self-employment
- basic training if it is a requirement for starting vocational training or
- for persons with severe disabilities, expensive and technically advanced aids necessary to help with work and study.

Medical rehabilitation of persons with severe disabilities. A severely disabled person must be given the chance to obtain extensive or elaborate out- or inpatient services which go beyond curative treatment and which are necessary in order to maintain or improve the client's functional and work capacity. The client must be noninstitutionalised and in receipt of either the higher-rate or special-rate child disability allowance or disability allowance or the higher-rate or special-rate pensioners' care allowance. Recipients of the pensioners' care allowance must additionally be under 65 years of age.

Other vocational and medical rehabilitation. The SII can also provide, at its own discretion, other vocational and medical rehabilitation services than those described above, including such services as early rehabilitation measures geared to the requirements of a particular occupation, institutional rehabilitation services, adaptation training and psychotherapy.

An amount equalling at least four percent of the NHI contributions paid by the insured must each year be allocated for this type of rehabilitation services. Further resources for the purpose are allocated in the State budget. These funds can be used for, besides individual rehabilitation services, prevention, research in the field of rehabilitation and, when required, for the activities of the rehabilitation institutions supported by the SII.

Compensation of travel costs. Rehabilitation clients can get a refund for any necessary and reasonable expenses they incur while travelling to and from the rehabilitation site. All expenses exceeding a deductible of 7.57 euros per one-way trip (as of 2003) are covered.

Rehabilitation allowance

Persons who are permanently resident in Finland are eligible for the rehabilitation allowance. The allowance can, on certain conditions, also be paid during rehabilitation abroad.

The benefits payable under the Rehabilitation Allowances Act are: the rehabilitation allowance proper, the means-tested rehabilitation assistance payable during the post-rehabilitation period, and the maintenance allowance (also means-tested).

The rehabilitation allowance is paid in connection with rehabilitation services arranged by the Social Insurance Institution, or the primary health care, social services or occupational health care sector.

The rehabilitation allowance is payable to rehabilitation clients aged between 16 and 64 for the duration of a rehabilitation programme which prevents them from working. It is only paid if the object of rehabilitation is the client's remaining in, or entry/re-entry into employment.

In order to promote employment and the success of vocational rehabilitation measures and to decrease the likelihood of disability pension, young persons aged 16–19 whose capacity for work is diminished are eligible for a rehabilitation allowance.

For the duration of the recipient's participation in a rehabilitation programme, the rehabilitation allowance is paid for each weekday. It is not paid during the waiting period. The length of the waiting period depends on the type and duration of the rehabilitation programme.

In the majority of cases, the rate of the rehabilitation allowance is determined in the same way as the sickness allowance. A fixed minimum rate (11.45 euros per day as of 2003 and 2004) is paid in cases where the allowance would otherwise be less than that amount. Unlike the sickness allowance, the rehabilitation allowance is not conditional on a waiting period of 55 days.

Starting from 1 January 2004, rehabilitation allowance *during vocational rehabilitation* will be equal to 75% of earned income as defined in the Health Insurance Act. This applies to all income categories and differs from the graduated scale approach used under the Health Insurance Act. The purpose of the change is to bring the rehabilitation allowances granted by the SII more into line with corresponding allowances available from the earnings-related pension insurance sector.

The rehabilitation allowance for young people aged 16–19 is payable at a fixed rate of 15.90 euros per weekday (2003).

A means-tested maintenance allowance (5.05 euros per day as of 2003) can be paid to rehabilitation clients whose rehabilitation allowance does not exceed the minimum rate payable during vocational rehabilitation (15.90 euros per day as of 2003). The maintenance allowance is intended to defray some of the additional cost of participating in rehabilitation.

The allowance is taxable income. The rate of the allowance is adjusted on a yearly basis. At the start of 2003, the allowance was raised by 2.4% (in line with the TEL index of earnings-related pensions), and on 1 January 2004, by 2.3%. The rehabilitation allowances paid to pensioners are subject to different adjustment rules.

Rehabilitation Centre Petrea

Rehabilitation Centre Petrea, located in Turku, provides a variety of rehabilitation and work ability assessment services to clients both within and outside the SII.

6 SII benefits related to unemployment

6.1 Overview

The main unemployment-related benefits are the *unemployment allowance*, the *labour market subsidy*, and the *unemployment pension* (discussed with other pensions). The unemployment allowance is payable as either a basic allowance or an earnings-related allowance. The former is paid by the SII, the latter by unemployment funds. The SII also provides labour market subsidies. *Job alternation compensations*, whose purpose is to enable job-sharing arrangements, are paid both by the unemployment funds and the SII. Labour market subsidy can be paid directly to *employers*, either by itself or in combination with the subsidies granted by the employment authorities to create job opportunities for the long-term unemployed.

Recipients of labour market subsidy are entitled to an additional maintenance allowance for each day they participate in *rehabilitative work activity*. Additionally, *travel allowances* are provided for persons who accept work outside their area of residence. The allowance is equal to the full labour market subsidy.

Those undergoing labour market training are eligible for one of two income security benefits, the *training subsidy* or the labour market subsidy. Both earnings-related and basic training subsidies are paid. The earnings-related subsidy is for members of unemployment funds. The basic subsidy and the labour market subsidy are paid by the SII.

Unemployed persons with a long work history are eligible for a *training allowance* in respect of self-motivated learning, which is equal to the unemployment allowance or labour market subsidy. Members of unemployment funds are entitled to a higher, earnings-related training allowance from their fund, while non-members receive a basic allowance from the SII.

The legislation pertaining to unemployment protection was amended at the beginning of 2003 by consolidating several Acts and Decrees: the Unemployment Allowances Act now also covers the labour market subsidies and training allowances; a new Act on Labour Policy contains provisions for labour market training subsidies and maintenance allowances; and job alternation leave is governed by a separate Act of Parliament.

The unemployment allowance is available to residents of Finland (and to EU/EEA nationals working in Finland). Certain international agreements on social security signed by Finland also include provisions on unemployment benefits. The labour market subsidy is available exclusively to residents of Finland.

Basic unemployment allowance

Eligibility. The basic unemployment allowance is payable to unemployed persons aged 17–64 who have registered with an employment office, are seeking full-time employment, and satisfy the so-called employment condition. Further, recipients must be fit for work and available for employment.

Employed persons are subject to two alternative employment conditions:

- Persons who have not previously been on unemployment allowance must have had at least 43 weeks of employment during the last 2 years and 4 months.
- Persons who have previously received unemployment allowance must have had at least 34 weeks of employment during the last 2 years.

Self-employed persons are considered to satisfy the condition if, during the 4 years preceding unemployment, they have run their own business for at least 2 years on a more or less full-time basis.

Periods of employment completed in other EU/EEA countries are also fully credited but usually not until the person concerned has worked in Finland for at least four weeks.

The basic unemployment allowance is paid to unemployed persons who do not belong to a trade union unemployment fund for a maximum of 500 days of unemployment. The full 500-day entitlement is restored if the recipient again satisfies the employment condition (i.e. is employed for at least 34 weeks within a period of 2 years). Unemployed persons who are aged 57 or more upon exhausting their right to the allowance get an automatic extension to the age of 60.

Payment of the basic unemployment allowance begins once the unemployed person has been registered with an employment office as seeking employment for seven days. (See [Table B.](#))

Amount of the basic unemployment allowance. The full basic unemployment allowance was at year-end 2003 payable at a rate of 23.02 euros per day. It is increased for dependent children. At the end of 2003, the child increase was, for one child, 4.36 euros, for two children, 6.40 euros, and for three or more children, 8.26 euros per day. The allowance is payable for up to five days per week.

Basic unemployment allowances are not means-tested. The allowance can only be reduced by the recipient's own earned income and certain social benefits paid to the recipient. The amount of the social benefits is deducted from the full allowance.

The basic unemployment allowance is taxable income. The rates of the allowance and the accompanying increase for children are adjusted yearly to changes in the cost-of-living index.

Labour market subsidy

The purpose of the labour market subsidy is to guarantee the subsistence of unemployed persons during job search and during participation in employment promotion measures.

Eligibility. Cash labour market subsidy is payable to unemployed persons who have received basic or earnings-related allowance *for the maximum period allowed* (500 days) or are not entitled to unemployment allowance by reason of *not satisfying the employment condition*. A demonstrated need of financial assistance is also required.

The benefit is payable to unemployed persons between 17 and 64 years of age who have registered with an employment office, seek full-time employment, and are fit and available for work. New, tougher eligibility conditions have since been imposed on young persons. For example, to be eligible for labour market subsidy, unskilled persons between 17 and 24 may not decline a job or training offer or choose not to apply for vocational training.

Labour market subsidy is payable as soon as the claimant has been registered as an unemployed jobseeker for a waiting period consisting of 5 workdays. There is no waiting period if unemployment allowance was previously paid for the maximum period of 500 days and is immediately followed by the labour market subsidy.

First-time entrants to the labour market must complete a five-month waiting period, except if they have recently graduated from a vocational institution. No limits apply as to the maximum length of payment. (See [Table B.](#))

Amount of the labour market subsidy. The full rate of the labour market subsidy at year-end 2003 was 23.02 euros per day. Increases for children were payable at rates of 4.36, 6.40 or 8.26 euros per day depending on the number of children. If paid in respect of travel costs, labour market subsidy is always paid at the full rate. Unlike the basic unemployment allowance, labour market subsidy is means-tested, but means-testing is waived

- during the first 180 days for persons having exhausted their eligibility for unemployment allowance
- for recipients aged 55 or more who, at the time they become unemployed, satisfy the employment condition and
- during any period in which the recipients participate in measures supporting their integration into the labour market that have been arranged by the employment authority (labour market policy measures), as well as during rehabilitative work activity.

Recipients who live with their parents and who do not satisfy the employment condition get a so-called partial labour market subsidy calculated by reference to their parents' combined income. If the parents' monthly income is 1,781 euros or less (as of 2003), the labour market subsidy is paid at the full rate. Otherwise the subsidy is proportionately reduced but never below 50% of the full rate. Persons participating in an active labour market policy measure or rehabilitative work activity get the full subsidy.

The means-test is applied to the recipients' own income and (as at year-end 2003) their spouse's income exceeding 236 euros a month. The full labour market subsidy was at year-end 2003 paid if the combined monthly income of the recipient and his or her spouse was less than 848 euros (or in the case of single recipients, 253 euros). This amount was raised by 106 euros for each dependent child.

Any income exceeding these limits reduced the benefit with 50% or 75% of the excess being deducted from the benefit (depending on whether the recipient has dependants). For example, no labour market subsidy was payable to single persons with a monthly income of 898 euros or more.

The amount of the labour market subsidy is further affected by the same social benefits as in the case of the basic unemployment allowance. The benefits are deducted from the full labour market subsidy.

The labour market subsidy is taxable income. The rates of the subsidy and the accompanying increase for children are adjusted yearly to changes in the cost-of-living index. Other relevant amounts are adjusted in line with significant changes in the general level of wages.

Employment promotion measures. Integration of unemployed persons in the labour market is supported by means of labour market policy measures, rehabilitative work activity, and travel allowances accompanied by a combination of wage subsidy and labour market subsidy. Labour market policy measures include labour market training, on-the-job training and preparatory training for working life arranged by the labour administration, vocational guidance and rehabilitation.

Labour market training. Unemployed persons who undergo labour market training but do not satisfy the condition regarding prior employment or have exhausted their entitlement to unemployment allowance, are paid labour market subsidy instead of training subsidy, and are also eligible for a maintenance allowance.

Maintenance allowance (7 euros per day as of 2003) is paid in respect of transportation costs and other expenses of living incurred during training. An *increased maintenance allowance* (14 euros per day as of 2003) is paid to persons undergoing out-of-area training. Maintenance allowance is provided under the same terms and at the same rate as the corresponding allowances paid to persons undergoing labour market training. It is payable also to recipients of a reduced or adjusted labour market subsidy.

The maintenance allowance is tax-free income.

On-the-job training and preparatory training for working life. Unqualified persons under 25 years of age who receive labour market subsidy may be referred to on-the-job training by the employment authorities in order to promote their labour market integration and job placement prospects. Persons who are over the age of 25 or have vocational qualifications can choose to have the employment authorities refer them to preparatory training for working life.

During such training, persons receiving labour market subsidy are eligible for an additional maintenance allowance. Maintenance allowance is also payable to long-term unemployed persons who participate in on-the-job training. Being long-term unemployed is considered as having received basic unemployment allowance for the maximum period possible (500 days) or, alternatively, labour market subsidy on account of unemployment for a total of 500 days. Maintenance allowance is payable on the same terms and at the same rate (7 euros per day as of 2003) as the allowance available to persons receiving training subsidy.

Rehabilitative work activity. An individual activation plan must by law be drafted for each recipient of labour market subsidy or living allowance. Drawn up collaboratively by the local authorities, the employment office and the client, the plan can consist of a variety of different activation measures, including rehabilitative work activity, which is organised by the local authorities.

An activation plan must be drawn up once an unemployed person has received labour market subsidy for a considerable period of time. Persons under 25 years of age are required to participate in rehabilitative work activity (if provided in their activation plan), whereas participation is optional for those over the age of 25.

By mutual agreement, the duration of rehabilitative work activity can be fixed at anywhere between 3 and 24 months, with 1–5 days consisting of at least 4 hours of activity per day.

During participation in rehabilitative work activity, clients receive labour market subsidy under the same terms as those participating in a labour market policy measure, which means that the benefit is not means-tested or reduced if the recipient lives with his/her parents. For each day of participation, the clients also receive a maintenance allowance (7 euros per day as of 2003).

Any travel costs incurred by a person participating in rehabilitative work activity are covered by the municipality as part of the living allowance package.

The maintenance allowance is tax-free income.

Travel allowance. Labour market subsidy can be paid in the form of a travel allowance to an eligible person who accepts an offer for full-time employment lasting at least six months outside his/her regular area of employment (as defined annually by the Ministry of Labour). The determination whether to provide a travel allowance is made by the employment office.

Labour market subsidy paid as a travel allowance is equal to a full labour market subsidy, including any increments for children, and is payable for up to two months. If the recipient resigns or brings about his/her dismissal before completing the required six months of employment, the benefit must be paid back.

Job alternation compensation

Job alternation leave is an arrangement in which an employee who is employed at least 75% of what would be considered full-time employment, based on an agreement with his or her employer, goes on leave for a specified period from his or her regular job, and the employer hires an unemployed person as a replacement. The employee on job alternation leave is entitled to a special compensation.

In order to go on a subsidized job alternation leave, employees must have held a job with the same employer for at least a year and have a total employment history of at least 10 years. Periods spent on parenthood allowance or child care leave or in the performance of conscript service count towards the employment history. If a person has previously been on job alternation leave, eligibility is renewed after 5 years have elapsed since the previous leave. Employees on job alternation leave are guaranteed the right to return to their regular job or some other comparable job. The job alternation legislation will expire at the end of 2007, and the leaves granted must be taken before the end of 2008.

The leave must be taken in a continuous period of at least 90 but no more than 359 calendar days.

The job alternation compensation is equal to 70% of the unemployment allowance which the claimant would receive were he or she unemployed. For persons with a long employment history, the compensation rate is 80%. The full compensation paid by the SII in 2003 amounted to 16.11/ 18.42 euros per day respectively at the 70% and 80% compensation rates.

The compensation is subject to tax.

Labour market subsidy paid to employers in combination with a wage subsidy

Employers who hire a long-term unemployed person can be paid labour market subsidy either by itself or together with a wage subsidy from the employment office. Regarded as long-term unemployed are persons who have received unemployment allowance for the maximum period possible (500 days) or labour market subsidy on account of unemployment for 500 days.

The decision to pay the subsidy to the employer is made by the employment authorities. The employer must sign a contract of employment or apprenticeship with the long-term unemployed person assigned by the employment office.

When paid to the employer, the labour market subsidy is paid at its full rate, for up to two years (one year only if paid in combination with a wage subsidy). Increases for children are not available.

The labour market subsidy paid in combination with a wage subsidy is taxable income.

Labour market training subsidy

The aim of labour market training is to improve the chances of people of working-age to maintain or regain their position in the labour market. The main types of training provided are further vocational training and skills upgrading.

Eligibility. The basic training subsidy and the various supplemental allowances are payable to persons over the age of 17 who have been accepted for a training course commissioned by employment authorities.

Furthermore, it is required that the employment condition (see section on basic unemployment allowance) was satisfied when employment ended or studies began and that the beneficiary had not been in receipt of unemployment allowance for the maximum time allowed. Persons who do not fulfil these requirements get *labour market subsidy* during the training course.

The benefits are payable also to foreign nationals attending a training course paid for by Finnish employment authorities. Further, they can be awarded in respect of foreign studies, provided they are financed by a Finnish authority.

Rates of the benefits. At its full rate, the basic subsidy is equal to the basic unemployment allowance (at year-end 2003, 23.02 euros per day). Child increases are payable in the same way as with the unemployment allowance.

If a student's monthly income exceeds 127 euros (year-end 2003 limit), the basic training subsidy is reduced by 80% of the amount exceeding the limit.

A *maintenance allowance* is payable in respect of travel and other recurring expenses incurred while studying. Persons participating in out-of-area training are eligible for an *increased maintenance allowance*. If training is provided "in-area", i.e. within the trainee's primary geographic area of employment yet outside his/her home municipality, maintenance allowance is only provided on evidence of accommodation expenses. Maintenance allowance is payable also to persons who receive basic training subsidy at a reduced rate. As of 2003, the regular maintenance allowance and the special increased allowance were paid at a rate of 7 euros and 14 euros per day, respectively.

The benefits described above are paid for a maximum of five days per week. The basic subsidy is taxable income, but the maintenance allowance is free from tax. The basic subsidies are adjusted to changes in the overall wage and salary level, as are the basic unemployment allowances.

Training allowance

Unemployed persons with a work history are eligible for financial support for self-motivated learning, which makes it possible for them study full-time without suffering any financial loss. The training or studies they choose must be of a kind that improves their vocational skills and employability. A training allowance equal to the unemployment allowance or labour market subsidy is provided to secure the trainees' livelihood. The earnings-related allowance is paid by unemployment funds and the basic allowance by the SII.

Eligibility. Recipients must

- have been registered with the employment office as unemployed and seeking employment;
- enrol in a full-time training programme comprising at least 20 credits that is designed to upgrade their job skills and employability;
- have received unemployment allowance or labour market subsidy for at least 86 days during the previous year; and
- have a sufficient work history (earned at least 10 years' worth of credits for employment pension).

The training allowance is payable to residents of Finland only.

Amount and length of payment. The training allowance is equal to the recipient's previous unemployment allowance or labour market subsidy. It can include increases for children but no maintenance allowance.

Any other income (earnings, social welfare benefits) which the recipient gets during the training reduce the training allowance in the same way as they would affect the basic unemployment allowance or labour market subsidy. Unlike the labour market subsidy, the training allowance is however not subject to a spousal income test, and recipients living with their parents do not suffer a reduction in their allowance.

The training allowance can be paid five days a week for up to 500 days. Any days on training allowance decrease the recipient's total (500-day) entitlement to unemployment allowance. The maximum combined entitlement for unemployment allowance and training allowance is 586 days.

The training allowance is available one time only and only for one course of training. To regain their eligibility, claimants who have already received it once must again meet the specified qualifying conditions. The training allowance is taxable income.

Statistics

In the unemployment benefit statistics, cross-section analyses (number of recipients at the end of the month) refer to the last workday in a month.

6.2 Integration assistance for immigrants

Under an Act of Parliament, integration assistance is available to immigrants who are resident in Finland within the meaning of the Municipality of Residence Act.

Immigrants who register with an employment office as an unemployed jobseeker or who apply for a living allowance are during their first three years in Finland eligible for integration assistance, provided an *integration plan* is drawn up jointly by the immigrant, the municipality and the employment office. The plan sets out a strategy for helping the immigrant and his or her family acquire the information and skills needed for a successful integration. During their first three years in Finland, immigrants are not eligible for the labour market subsidy except when it is paid as integration assistance.

The purpose of integration assistance is to secure the immigrants' livelihood while the integration plan is being carried out. The assistance consists of an SII-provided labour market subsidy and a possible living allowance granted by the municipal authorities. If the immigrant does not satisfy the eligibility requirements for the labour market subsidy, the integration assistance can consist entirely of a living allowance.

To qualify for integration assistance, immigrants must have a demonstrable need for financial assistance and comply with the integration plan. Failure to comply with the plan disqualifies the immigrant from the labour market subsidy component of the assistance.

The labour market subsidy provided under the integration assistance scheme is paid at the same rate as the regular subsidy. Similarly, it can include an increase for children, and the benefit is reduced if the recipient lives with his or her parents. During labour market policy measures, means-testing is suspended and the benefit is not reduced even if the recipient lives with his or her parents. A maintenance allowance may also be available. The subsidy is adjusted to other income and benefits just as the regular labour market subsidy.

The labour market subsidy paid under the integration assistance scheme is taxable income. The maintenance allowances are free from tax.

7 The maternity grant, family allowance and child day care subsidy schemes

7.1 Maternity grant and family allowance

Basic eligibility criteria. Maternity grant can be paid to female residents of Finland. Family allowances are paid in respect of children resident in Finland. Whether a certain individual is considered to be resident in Finland is decided on the basis of the Act respecting the Application of Residence-Based Social Security Legislation. The EU provisions and

international social security agreements cause certain exceptions to the eligibility rules for residence-based benefits.

Maternity grant. The aim of the maternity grant is to promote the health and well-being of the mother and child. The grant is payable to women whose pregnancy has lasted at least 154 days and who have undergone a medical examination before the fourth month of pregnancy. Maternity grant is available for adoptive children under the age of 18.

Parents who adopt a child from abroad are entitled to an *adoption grant* that is provided under the same eligibility criteria as the maternity grant. Its purpose is to defray some of the cost of international adoption. In this Yearbook, the term “maternity grant” refers both to maternity and adoption grants.

The grant is awarded either as a *lump-sum cash benefit* or a *box containing child care essentials* (maternity pack). The 2003 rate of the cash benefit was 140 euros. It is free from tax.

Unlike the maternity grant, the amount of the adoption grant varies according to the country from which the child is adopted. The following lump-sum amounts applied in 2003:

Estonia	1,900 e
China and Colombia	4,500 e
Other countries	3,000 e.

If several children are adopted at the same time, an amount equal to 30% of the full adoption grant is provided for each additional child.

Maternity grant is paid at a higher rate in the event of multiple birth. The amount is doubled for the second child, tripled for the third child, etc. Any combination of maternity packs and cash grants is possible.

Family allowance. The family allowance is intended to help with the cost of providing for a child under age 17. Its rate depends on how many children eligible for family allowance there are in the family. The 2003 rates of the family allowance were

for first child	90.00 e/month
(as from 1 January 2004	100.00 e/month)
for second child	110.50 e/month
for third child	131.00 e/month
for fourth child	151.50 e/month
for fifth and each additional child	172.00 e/month.

The allowance is increased by 33.60 euros a month (2003) for each child in a single-parent family.

Family allowances are free from tax. The Council of State is authorized to raise family allowance in line with cost-of-living increases.

7.2 Child day care subsidies

The aim of the child day care subsidies scheme is to assist families with

their child care costs. It is intended as an alternative to municipal day care.

Child day care subsidies are provided under a specific Act of Parliament which the SII implements.

In addition to the benefits prescribed by law, municipalities are free to grant residents additional assistance with their child care costs in the form of a municipal supplement. Some municipalities pay the supplement by themselves while others have an agreement with the SII whereby the SII pays the supplements along with the statutory benefits.

Main eligibility conditions

The private day care allowance and the partial care allowance are only available for children who are living in Finland and whose day care is not arranged by the municipality. This is in contrast to the home care allowance, which is available also for children who live in another EU/EEA country (for example when an employee is sent by a Finnish company to work in another EU/EEA country or someone from another EU/EEA country comes to work in Finland).

Also eligible are children who one year before starting school attend a part-time pre-school class arranged by the municipality, children who start school one year early and children who start school one year early on account of extended compulsory education. Once their eligibility for parenthood allowance has ended, parents can choose between municipal day care and child day care subsidy. Payment of the subsidy ends at the latest on 31 July of the year in which the child starts school.

Types of subsidies available

The child day care subsidies are paid as either a home care allowance or a private day care allowance. A part-time care allowance is also available.

Home care allowance. Payable to families with a child *under age 3* whose day care is not arranged by the municipality. Home care allowance is paid also for other children *under school age* whose day care has been arranged in the same way (and for children in the first year of school provided they are in extended compulsory education). The parents can either look after their child themselves or hire a private day care provider. The allowance is available immediately once parenthood allowance has ended and can continue until the child reaches the age of three.

The home care allowance can include a basic allowance and a supplement. The *basic allowance* is paid separately for each child, while the supplement is paid for one child only and is linked to family income and size. (See [Table C.](#))

The *supplement* is payable at its maximum rate if the family's income is below a limit that varies with the size of the family. All taxable earnings and income from investments as well as most tax-exempt income are taken into account. For example, a family of four that at the end of 2003 had a monthly income of 1,700 euros or less would receive the maximum

supplement. For a family of two, the corresponding income limit at year-end 2003 was 1,160 euros per month. The income limits starting from which a family of four is no longer eligible for 1) home care supplement and 2) private day care supplement, are 3,828.93 euros and 3,403.11 euros per month, respectively.

Private day care allowance. Payable to the day care provider the parents have chosen to look after their *under school-age child*. The allowance is paid for each child from the end of the parents' eligibility for parenthood allowance until the youngest child starts school. If the parents have a child under three, they can choose between home care allowance and private day care allowance.

The private day care allowance is paid directly to the day care provider, which can be either

- a person or organization licensed to provide child care services or
- a private individual whom the parents have hired to care for the child.

Private day care allowance can include a *basic allowance* and a *supplement*, payable separately for each child under school age. (See [Table C.](#)) It is linked to family income and size. The income criteria and limits are the same as those that apply to the home care allowance.

The child day care subsidies are taxable income. The private day care allowance is considered as taxable income of the day care provider. The subsidies are not adjusted annually to index changes.

Part-time care allowance. Payable to a working parent or other provider of a child under three who works 30 hours or less a week in order to care for their child. Recipients must be living in Finland. Not payable if the parent receives home care allowance while looking after the child personally, but can be paid even if the child is in municipal day care. Available concurrently with the private day care allowance.

At year-end 2003, the part-time care allowance was payable at a rate of 63.07 euros per month (raised to 70 euros per month at the start of 2004). It is taxable income.

8 General housing allowance

The general housing allowances scheme is governed by an Act of Parliament and a related decree as well as a Council of State Decree regarding the terms under which the allowance is determined.

The scheme is only one of the benefits provided by the SII towards housing costs. There are also provisions for *pension recipients, students, and conscripts and their dependants*.

Eligibility

The general housing allowance is intended to reduce the housing costs

of low-income households. A household is considered to comprise all the persons, living in Finland, who on a permanent basis share a dwelling. Persons with a familial relationship with the recipient (married or unmarried spouses, children, parents, grandparents and under-age siblings) are regardless of any other circumstances considered to belong to the household.

Students who are entitled to the housing supplement for students are for housing allowance purposes usually not regarded as a member of the household.

General housing allowance is payable in respect of rental, right-of-occupancy and owner-occupied dwellings even if the recipients occupy their dwelling as subtenants or have themselves subleased part of their dwelling. The dwelling must be habitable and located in Finland. Persons living with a student who is receiving students' housing supplement can get housing allowance for part of their shared dwelling.

The general housing allowance is not awarded to households consisting of a single person or a married/cohabiting couple, who are entitled to the housing allowance for pensioners, nor to any household which includes a person receiving that benefit. Further, the general housing allowance is not awarded to students who are entitled to the housing supplement for students or to free lodging in a school dormitory.

In summary, students are covered by the general housing allowance scheme if they

- live in an owner-occupied dwelling (which they or their spouse owns)
- share their dwelling with a dependent child (their own or their spouse's)
- live with a parent who receives general housing allowance
- have been denied financial aid due to illness or lack of academic progress.

The household may include, and the allowance may be claimed by, a foreign permanent resident of Finland with a residence permit valid for at least one year. (The EU provisions or the Act respecting the Application of Residence-Based Social Security Legislation do not apply to the general housing allowance.) Students who receive financial aid from abroad are not eligible for the general housing allowance.

The need for housing allowance is determined with reference to the household's housing costs, combined income and assets.

Amount

The housing allowance covers 80% of reasonable housing costs exceeding a basic deductible (the amount which the household must in any case pay itself). The amount of the deductible depends on the location of the dwelling, the size of the household and the household's gross annual income. The basic deductibles are set yearly by the Council of State. Households whose income qualifies them for the full housing allowance are exempt from the basic deductible.

The allowance is recalculated if the household's monthly income or housing costs change significantly (by a minimum of 160 euros and 50 euros respectively as of 2003) or if a subtenant moves into or out of the dwelling. If a household member starts or leaves school where he or she is eligible for the housing supplement for students, the amount of the general housing allowance is recalculated. Change of residence will also trigger a recalculation. The allowance is adjusted once a year.

The general housing allowance is a tax-free benefit.

Housing costs. Housing costs are considered to include rent, maintenance charge or equivalent, and separate heating and water charges. In the case of a detached owner-occupied dwelling, the maintenance costs of the dwelling are determined by means of a fixed scale of standard costs.

If one of the residents in a dwelling is a student who is entitled to housing supplement for students, the student's share of the household's housing costs is deducted for the purpose of calculating the amount of the general housing allowance.

In an owner-occupied dwelling, 55% of the interest due on personal loans taken out to purchase or renovate the dwelling is also taken into account as a housing cost. In a state-subsidized owner-occupied dwelling, 80% of the annual payment or fixed interest on the loan is taken into account.

Housing allowance is payable in respect of "reasonable" housing costs. This means that there is a yearly adjusted ceiling on both housing costs and the size of the dwelling. The maximum housing costs are further influenced by the location, age, size and the type of heating system used in the dwelling.

Income and property. In order to qualify for housing allowance, the regular monthly income of the household members may not exceed an amount determined yearly by the Council of State. Disregards apply for certain social benefits. If the combined assets of the household members exceed an amount set by the Council of State (in 2003: one-person household – 12,650 euros; household with six or more members – 25,250 euros), 15% of the excess is counted as household income. The dwelling occupied by the household is, however, not taken into account.

9 Benefits for students

9.1 Financial aid

The student financial aid system is intended to secure the livelihood of students. The aid system is provided for in the Act on Student Financial Aid and other related legislation. It is implemented by the Social Insurance Institution (SII).

Basic requirements

For studies in Finland, student financial aid can be granted (as of 2003) to Finnish citizens, employed persons from EU/EEA member states and their dependent spouse and children, and others who are not Finnish citizens, provided that they have been resident in Finland for at least two years in a capacity other than that of student and their residence can be considered permanent.

For studies outside Finland, student financial aid can be granted (as of 2003) to Finnish citizens and employed persons from EU/EEA member states and their dependent spouse and children, provided that they have been resident in Finland for at least two years prior to the start of their studies and the residence abroad can be regarded as temporary. Financial help with studies that take place outside Finland is given insofar as the studies correspond to Finnish studies that would be covered by the student financial aid provisions or alternatively form part of a Finnish degree programme.

Right to student financial aid

Student financial aid can be paid to those who study full time, who make progress in their studies and who are in need of financial support. The receipt of certain other benefits (e.g. pensions, unemployment allowance and labour market subsidy) can prevent the granting of any student financial aid.

Student financial aid is available for *full-time post-comprehensive school studies*, including upper secondary school and vocational education in other secondary-level educational institutions.

Duration of student financial aid

A student at an institute of higher education can be granted student financial aid for *a maximum of 70 months*, of which 55 months can be used for one higher university degree (extensions are possible under special circumstances).

At vocational institutes, the time for which financial aid is available depends on how extensive the studies are. One additional year of aid is available. In upper secondary schools, the maximum aid period is four years.

Types of financial aid

Student financial aid is provided in the form of *study grants*, *housing supplements* and *state guarantees for student loans*. In the time series tables contained in this Yearbook, the study grant is referred to as “ordinary study grant” in order to distinguish it from the study grant for mature students (which was discontinued at year-end 2002). *Interest allowance* and *interest subsidy* are also paid on student loans granted

under earlier student financial aid provisions. The interest allowance alone is available for newer loans. There is also a meal subsidy programme that subsidises school cafeterias catering to higher-education students.

Study grant. The amount of study grant depends on the age of the student, the type of accommodation, the student's family circumstances, the type of educational institution and the student's financial circumstances. Study grant is not awarded to those receiving family allowance.

The full amounts of study grant for the school year 2003–2004 were as follows:

	Secondary level	Higher education
	€/month	
Students living in parental household		
– below 20 years of age	21.86	38.68
– aged 20 or over	63.91	105.96
Students living alone		
– below 18 years of age	84.09	126.14
– aged 18 or over	213.60	259.01
Students who are married or have maintenance liabilities	213.60	259.01

If the student lives in a dwelling owned by or rented from his or her parents, and the dwelling is located in the same building as the parents' primary dwelling, the study grant will be paid at the rate applicable to students living in their parents' household.

The student's own income, and in certain cases parents' income, is taken into consideration in determining the need for financial aid.

In determining the need for aid, the student's personal income during the entire calendar year is taken into account. For each month for which the student receives financial aid, he/she could in 2003 have up to 505 euros in other income, and for each month without aid, up to 1,515 euros. A personal annual income limit is calculated for each student based on how many months he or she has spent on and off financial aid in the calendar year.

Students must check that their income does not exceed the annual limit. A retrospective eligibility test is performed annually as soon as finalized tax data becomes available. In this test, students' personal income is checked against the annual income limit. If the income exceeds the limit, the student will have to repay some of the study grants and housing supplements he or she has received. Repayment will not return any eligibility months to higher-education students.

Repayment of study grant or housing supplement paid in 2001 or thereafter:

- For each 1,010 euros of overpayment, the student must repay one month's study grant and housing supplement, starting from the last calendar month of the year.

Parental income can either raise or reduce the study grant. For students under 18 or living at home, study grant can be *increased on the basis of the parents' lack of means*. On the other hand, if parental income exceeds the defined level the study grant for a secondary-level student under 20 will be *reduced*.

Housing supplement. The housing supplement scheme covers students who live in rental or right-of-occupancy housing except for students who

- live with their parents
- live with a dependent child (their own or their spouse's)
- live in housing owned by their spouse
- are entitled to free dormitory accommodation.

Students who are not entitled to housing supplement for students can apply for general housing allowance.

Housing supplement for students can also be paid for a dwelling which has been rented for purposes of study and is located in a different town than the family's primary dwelling. Students studying abroad are eligible for the housing supplement under approximately the same terms as those attending a Finnish school, except that students at foreign schools can get the supplement even if their household includes a dependent child.

Housing supplement is 80% of the monthly rent or charge. Amounts in excess of 214.44 euros (2003) were not taken into account. Thus, the largest amount of housing supplement payable was 171.55 euros per month. Housing supplement for students studying abroad was generally 180.80 euros per month. For students living in a dwelling owned by or rented from a parent, the maximum is 58.87 euros per month. The dwelling can be located in the same building as the parent's primary dwelling.

The housing supplement is determined individually even if the dwelling is shared by several people, for example one or several recipients of housing supplement or general housing allowance, or persons not receiving any assistance with housing costs. The total housing costs are allocated individually by dividing them by the number of residents in the dwelling.

The amount of the housing supplement is affected by the student's own income, his/her spouse's income, and in certain situations by his/her parents' income. In terms of means testing rules, the student's own income is given the same consideration as in the study grant scheme.

In 2003, housing supplement was paid at the full rate to students whose spouse's income was 15,200 euros or less a year. For each 680 euros exceeding this limit, the housing supplement was reduced by 10%, and was not paid at all if spousal income was 22,000 euros or more.

Parental income may reduce the level of housing supplement awarded to a secondary-level student under 18.

State guarantee for student loan. With some exceptions, students must be receiving financial aid in the form of a study grant to qualify for a state-guaranteed student loan. For information on loan guarantees granted as part of the adult education subsidy scheme, see section 9.3.

The amounts of state-guaranteed student loan per month on aid were as follows:

	2003 e/month
Student receiving study grant	
– aged 18 or over	220
– below 18	160
– studies abroad	360

The state guarantee is granted separately for each school year. It is not granted to students who have defaulted on previous loans which the SII as guarantor has then had to repay, or who have a blemish on their credit record (except where such blemish is small or the defaulted loan which caused it has since been paid off).

Applications for the state-guaranteed student loan should be made at a bank. The interest rate and other terms of the loan are agreed between the student and the bank. Although the state guarantee is given for the maximum amount of the loan, it is not necessary to take out the full amount.

Interest is capitalised if it is payable in a school term for which the student receives financial aid or in the immediately following term. The student pays the capitalised interest mainly during the amortisation period. Starting with the loans awarded for the 2003–2004 school year, students will be charged part of the interest (1% of the principal amount) while they are still in school.

Students in higher education receive their loan amount in two annual instalments, as opposed to four, as is the case with students of other educational institutions. Few students today receive their annual loan amount in a single instalment.

The bank can demand that the loan be repaid immediately if the student fails to pay the interest or instalments. In the event that the SII has to repay the loan to the bank, the SII is entitled to reclaim the sum from the student.

Interest allowance and interest subsidy. Interest due on state-guaranteed student loans can under certain circumstances be paid entirely by the state without any repayment obligation on the part of the student (*interest allowance*). The student must meet certain low-income criteria (see below), and sufficient time must have elapsed since the student last received financial aid. If interest payments are due while the

borrower is performing national service, interest assistance is provided in the form of conscript's allowance.

Low-income criteria: the borrower's taxable income during the 4 months preceding the month in which the interest is due may not exceed an average of 775 euros per month (as at year-end 2003). If the borrower or his/her cohabiting spouse or partner have one or several children under 18, higher limits apply as follows: 895 euros (one child); 930 euros (two children); 985 euros (three or more children).

Interest subsidy can be paid on student loans granted under earlier student financial aid provisions (loans taken out by university and higher-education students before 1 June 1992 and by others before 1 July 1994).

The state pays part of the interest on interest-subsidized loans. The subsidy is paid during the study period and for about 1½ years after the completion of studies. During that time, the students themselves pay interest at a variable rate (3% in 2003, 2.42% in 2004).

Meal subsidy. Higher-education students can buy meals at a subsidized price provided the school cafeteria participates in the meal subsidy programme. The SII pays the subsidy (1.27 euros in 2003, raised to 1.47 euros in 2004) to the cafeteria operator who deducts it from the list price.

Taxation of student financial aid. The study grant is taxable income whereas the housing supplement is non-taxable. However, if the study grant is the sole benefit being paid, all taxes that would otherwise be payable on it are offset by a tax deduction.

9.2 School transportation subsidy

The purpose of the school transportation subsidy is to help students of upper secondary schools and vocational institutes with the cost of commuting between home and school. The subsidy is also aimed at supporting public transport in low population density areas and reducing regional disparities in the level of assistance students can expect for their transportation costs. The school transportation subsidy scheme is implemented by the SII.

Eligibility for the school transportation subsidy extends to Finnish residents who study in a Finnish school. The subsidy is payable to students who either attend an *upper secondary school* or are in full-time *basic vocational training*. The subsidy is not granted to students who have free lodging or do not use public transportation or special school transportation even if they are available for trips to and from school. Finally, students who get assistance with their transportation costs from some other source are also not eligible for the school transportation subsidy.

The one-way trip between home and school must be at least 10 kilometres and the student's transportation costs more than a specified amount (50.45 euros per month in 2003). The subsidy covers the difference between the student's copayment (43 euros per month in 2003)

and the actual costs. If the trip exceeds 100 kilometres, no subsidy is available for the kilometres above 100.

The subsidized transportation costs are calculated differently depending on whether the student uses Matkahuolto or VR, some other public transportation, transportation organised by the school, or some other mode of transportation. Public transportation and special school transportation are preferred, and special cause must be shown to have other modes of transportation subsidized.

School transportation subsidy is granted for one school year at a time and is paid for up to 9 months per school year. The minimum period of subsidy is one month. The subsidy is free from tax.

9.3 Loan guarantees in the adult education subsidy scheme

Working adults (both employees and self-employed persons) are eligible for an adult education subsidy provided as compensation for loss of income during vocational training. Recipients of adult education subsidy who take out a student loan can have the loan guaranteed by the government.

Adult education subsidy is payable for those with an employment history of at least 10 years. For each month of employment, the length of time for which financial aid is available is prolonged by 0.8 days. The maximum duration of aid is approximately one and a half years. Depending on the level of income, the subsidy covers between one and two thirds of wages. Adult education subsidy is available from the Education and Training Fund.

Government guarantee for student loan. Students who receive adult education subsidy for a consecutive period of at least two months are entitled to a government guarantee for their student loan. The provisions of the Act on Student Financial Aid are applied, with the exception that recipients of adult education subsidy can get a loan guarantee even if the training programme they have chosen is not specifically covered by the Act. This scheme is administered by the SII.

In 2003, the amount of the government loan guarantee granted under the adult education subsidy scheme was 310 euros per month. For studies outside Finland, the guarantee amount was 360 euros per month.

10 Other SII benefits

10.1 Conscript's allowance

The Conscript's Allowance Scheme is aimed at securing the livelihood of the *dependants* of men completing their national military or alternative service and of women performing voluntary armed service and at helping

the *conscripts themselves* with housing costs. In certain situations, it is also possible to pay the interest due on student loans on behalf of persons performing their national service.

The allowance is granted where it is apparent that performing the national service has made it more difficult for the conscript and his or her family to secure a livelihood and there is also a demonstrated need of financial assistance.

When paid to a dependant, the conscript's allowance can comprise a basic assistance, a housing assistance and a special assistance. When a conscript receives the allowance in his or her own right, the allowance can only comprise a cash housing assistance and help with the interest payable on student loans.

The full *basic assistance* is as a general rule equal to a national pension paid at its maximum rate to a recipient living alone (at the end of 2003, 493.45 euros in municipalities with the highest cost-of-living rating). The amount of the basic assistance is linked to the number of dependants. The assistance for the first dependant is 100%, for the second dependant 50% and for the third and each additional dependant 30% of the full assistance. Any additional income or assets that the conscripts or their families may have reduces the assistance.

The *cash housing assistance* covers reasonable housing costs. The *special assistance* may be granted in respect of specific expenses such as medical care and removals.

The conscript's allowance is tax-free. Rate adjustments are carried out in accordance with national pension rules.

10.2 Special assistance for immigrants

Available since 1 October 2003, special assistance for immigrants is intended to provide income security in respect of old age and disability to permanent immigrants to Finland. The assistance scheme is administered by the SII.

Special assistance for immigrants is available to persons who are legally and permanently resident in Finland (as defined under the Municipality of Residence Act). Finnish citizenship is not a requirement.

The assistance is paid,

- in respect of *old age*, to immigrants 65 years or older
- in respect of *disability*, to immigrants aged 16–64 years.

In this context, 'immigrant' means a person who has lived in Finland for less than the period required to qualify for a full national pension but for a consecutive period of at least five years immediately preceding the granting of the assistance. The person must also be in demonstrable need of financial assistance.

Special assistance for immigrants is equal to a full national pension. The 2003 rate applicable in the municipalities with the highest cost of living

was 493.45 euros per month for single recipients and 434.17 euros per month for married or cohabiting recipients. Strict income testing applies, and both the applicant's own income and assets and those of his or her spouse are taken into account.

Recipients of special assistance for immigrants are eligible for both pensioners' housing allowance and pensioners' care allowance. The assistance is not subject to tax.

11 SII finance and administration

11.1 Finance

National Pension Insurance. National Pension Insurance benefits are financed mainly by the employers (through contributions levied on them) and the state (through payments earmarked for specific benefits). Further, a share of value-added tax revenues is credited to the National Pension Insurance Fund. The yield on the SII's own investments is also used to fund pension expenditures.

In 2003, the state financed in their entirety the schemes providing survivors' pensions, front-veterans' supplements, general and child disability allowances, and housing allowances for pensioners, as well as 29% of national pensions.

The National Pension Insurance Fund exceeded its minimum liquidity requirement in 2003, and 148 million euros was transferred to the National Health Insurance Fund (see 'The NPI and NHI Funds' below).

Contributions from employers were in 2003 levied at the following rates: private-sector employers, 1.35%–4.45%; state, 3.95%; municipalities, local government utilities and parishes, 2.40%, in each case calculated as a share of wage and salary costs.

National Health Insurance. National Health Insurance is financed with contributions from insured persons and employers, the yield on assets, and funds recovered from outside schemes on account non-primary liability. The state finances the minimum-rate daily allowances paid under the parenthood allowance and special care allowance schemes. Contributions from motor and accident insurance institutions, as well as part of the proceeds from VAT, are channeled into the National Health Insurance Fund.

The National Health Insurance Fund received a transfer of 148 million euros in 2003 from the National Pension Insurance Fund. In addition, the state paid an amount of 677 million euros to guarantee the liquidity of the National Health Insurance.

Rehabilitation benefits are financed out of the National Health Insurance Fund. The SII must spend 4% of its annual NHI income from insured

contributions on so-called discretionary (i.e. not specifically mandated) rehabilitation. Additional spending is decided year-by-year by Parliament.

Contributions to the National Health Insurance were in 2003 payable by wage and salary earners and pensioners at a uniform rate of 1.5% (of earnings subject to local government tax and pension income, respectively). The contribution rates for employers were: private sector, 1.614%; state, 2.864%; municipalities, local government utilities and parishes, 1.614%, in each case calculated as a share of wage and salary costs.

The NPI and NHI Funds. National Pension Insurance and National Health Insurance are both financed according to the pay-as-you-go method, meaning that benefits are paid with the current year's revenues. A separate fund has been set up for each scheme.

The NPI and NHI funds must satisfy minimum liquidity requirements. At the end of each calendar year, the NPI fund, after provision for liabilities, must be at a level equal to at least 4% of the total scheme expenditure per year. The corresponding requirement for the NHI fund is 8% of annual expenditure. Transfers between the funds are possible to meet the liquidity requirements. If either of the funds is still short of its required minimum level after the possible transfers have been made, the state will cover any deficit that remains. The state also provides an ongoing liquidity guarantee for the funds.

Other schemes administered by the SII. The following benefits were in 2003 financed entirely by the state: maternity grants, family allowances, conscripts' allowances, general housing allowances, student financial aid, school transportation subsidies, and the special assistance for immigrants. The state also provided most of the financing for the benefits related to unemployment. Further, the state finances that part of the survey on farmers' working conditions and front-veterans' travelling expenses that NHI does not cover. The child day care subsidies are for the most part financed by municipalities.

A share of unemployment insurance contributions by wage earners, roughly equivalent to the amount of contributions paid by workers who do not belong to an unemployment fund, is used as an additional source of financing for the basic unemployment allowances.

Staff pension fund. To cover its liability for staff pensions and to pay current benefits, the SII has a staff pension fund replenished by contributions from both the employer and current employees. Under the current regulations, the fund must cover 41% of pension liabilities by the end of 2010.

11.2 Organisation and benefit administration

To provide clients with local access to its services, the SII operates out of 82 insurance districts, each of which is served by at least one full-service office. At year-end 2003, the number of client service locations maintained by the SII was 323, while multi-service offices established by the SII

together with other state or local authorities existed in 131 communities around Finland. The SII also has five regional offices, each of which is responsible for its own insurance region.

In the SII's central administration, benefit administration is the responsibility of the Pension and Income Security, and Health and Income Security Departments. ([Table D](#) presents the SII's organisation.)

Benefit administration. Nearly all claims determinations are made by the SII's branches, the only exceptions being disability pension determinations and certain matters related to occupational health care and student financial aid benefits.

Claims for *disability pension* are determined in the Pension and Income Security Department and certain claims for *employer-provided occupational health services* in the Health and Income Security Department. University and college students' applications for *student financial aid* are decided by local financial aid committees (not part of the SII), while part of the applications filed by students in *secondary education* are determined by the SII's Centre for Student Financial Aid.

Certain areas of benefit administration have been centralised to specific branch offices. Electronic document management is increasingly being used to distribute workloads.

National Health Insurance matters are handled by the SII's branches as well as by workplace sickness funds.

The review and appeals process. The review and appeals process differs somewhat depending on which benefit is concerned. The final court of appeal is either the Insurance Court or the Appeal Tribunal. The avenue of appeal is in most cases two-tiered (See [Table E](#)). The SII can also rectify earlier decisions thus making an appeal unnecessary.

12 Analyses by region, type of disease and occupation

Regional analyses

In the present publication, the statistical analyses by region are based on the beneficiary's place of residence, except in the case of the regional statistics on the general housing allowance, which are based on the location of the dwelling.

Analyses by type of disease

National Pension Insurance, National Health Insurance, disability benefits, and rehabilitation data are analysed also by type of disease.

The disease codes are from the tenth revision of the *International Classification of Diseases (ICD-10)*, introduced in Finland on 1 January 1996. The data are, as a rule, analysed by major diagnostic category; i.e.

I	Certain infectious and parasitic diseases
II	Neoplasms
III	Diseases of the blood and blood-forming organs and certain disorders involving the immune mechanism
IV	Endocrine, nutritional and metabolic diseases
V	Mental and behavioural disorders
VI	Diseases of the nervous system
VII	Diseases of the eye and adnexa
VIII	Diseases of the ear and mastoid process
IX	Diseases of the circulatory system
X	Diseases of the respiratory system
XI	Diseases of the digestive system
XII	Diseases of the skin and subcutaneous system
XIII	Diseases of the musculoskeletal system and connective tissue
XIV	Diseases of the genitourinary system
XV	Pregnancy, childbirth and the puerperium
XVI	Certain conditions originating in the perinatal period
XVII	Congenital malformations, deformations and chromosomal abnormalities
XVIII	Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified
XIX	Injury, poisoning and certain other consequences of external causes
XX	External causes of morbidity and mortality
XXI	Factors influencing health status and contact with health services

In the 10th revision, diseases are classified both in terms of their etiology and their manifestation. However, the SII only uses the etiology based classification. Many of the time series with a single three-digit code have been discontinued.

On 1 January 1996, the national pensions were made dependent on the recipient's other pension income. This means that only part of all disability pensions are paid out of the National Pension Insurance Scheme and that the SII's statistics no longer give a full picture of disability pension reciprocity in Finland. To fill this gap, the SII and the Finnish Centre for Pensions compile joint statistics on *all disability pension recipients* living in Finland as well as the diagnoses on which pension has been granted. This information is shown in Tables 7 and 9 of the Yearbook.

In the case of *disability pensions granted under the National Pension Insurance legislation*, disease data are available from the SII's own registries. These pensions are paid to individuals who either do not qualify for some other form of pension provision or whose other retirement income is small. Further data on diseases resulting in need of treatment or assistance are obtainable from *pensioners' care allowance* award records. Further, there are two additional benefits with restricted eligibility: the *child disability and general disability allowances*, both graduated in three payment categories. The disease category is determined on the basis of the main diagnosis or, where pensioners' care allowances are concerned, the disease(s) causing the need of help.

The disease statistics covering *all recipients of disability pension* living in Finland (Tables 7 and 9) are primarily based on the diagnosis made for the purposes of the employment pension system. These data are not comparable with other SII disability pension statistics focusing on specific diseases in this Yearbook.

In the statistical analyses concerning *sickness* and *special care allowances*, the disease category is determined on the basis of the main diagnosis.

Special (75% or 100%) refunds of medicine expenses are paid to patients who have a statement from their doctor attesting to their condition and need of medication.

The diseases conferring entitlement to medicines in the 75% refund category are:

(201) chronic cardiac insufficiency, (202) connective tissue diseases, rheumatoid arthritis and comparable diseases, (203) chronic asthma and similar obstructive pulmonary diseases, (205) chronic hypertension, (206) chronic coronary heart disease, (207) chronic arrhythmias, (208) ulcerative colitis and Crohn's disease, (211) familial hypercholesterolemia, other severe familial disorders of lipid metabolism, (212) gout and (213) dyslipidemia associated with chronic coronary artery disease

Of the diseases belonging to the 100% refund category, the most important ones are:

(103) diabetes mellitus, (104) thyroid insufficiency, (107) pernicious anemia, (110) parkinson's disease, (111) epilepsy and comparable convulsive disorders, (112) severe psychotic and other severe mental disorders, (113) anxiety disorders associated with mental retardation, (114) glaucoma, (115) breast cancer

Pharmaceutical nutrients belong either to the basic or the 75% refund category.

In order to receive basic (50%) refunds for so-called "significant and expensive medicines", patients must have a statement from their doctor attesting to the need for such medication.

Medicines are categorised according to the Anatomic-Therapeutic-Chemical (ATC) classification system, in which medicines are divided into various groups according to the bodily organ or system on which they act and their chemical, pharmacological and therapeutic properties.

Analyses by occupation and position

In the present publication, recipients of disability pension whose benefit payments have started recently are analysed also by occupation and position.

The analyses of sickness allowance recipients by occupation and position are from the SII's standing NHI sample, which includes information about the beneficiary's occupation.

In the analyses of basic unemployment allowance and labour market subsidy recipients by occupation, manpower services records have been consulted.

The analyses by occupation of recipients of rehabilitation services provided by the SII are based on SII records (all recipients over the age of 16 are required to give information about their occupation).

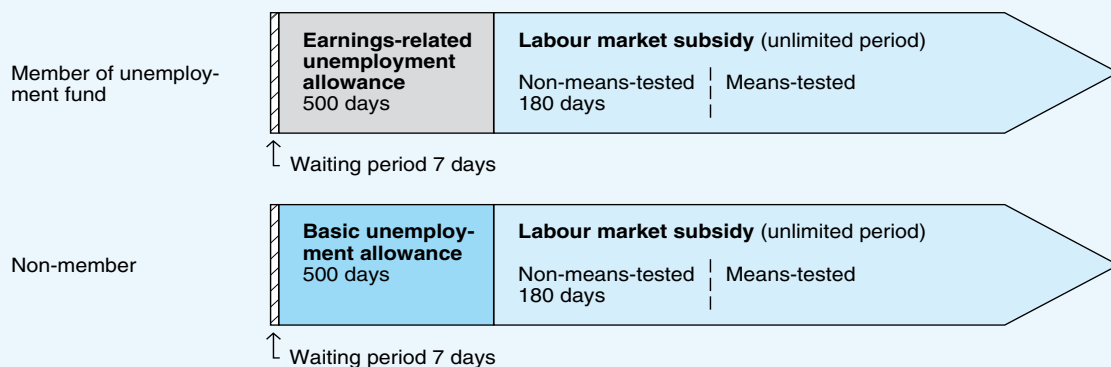
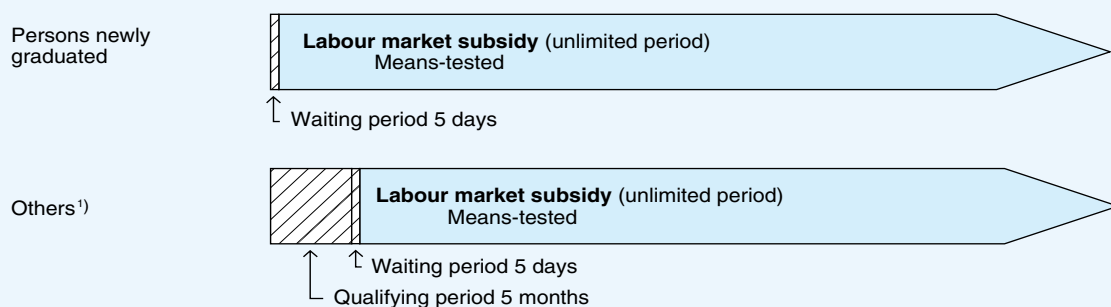
The codes used in this Yearbook stem from the *Nordisk yrkesklassificering* (the Nordic classification of occupations), slightly modified by the SII. It has been in use since 1988.

Occupation is classified according to a three-digit code, the first two digits indicating a person's occupation and the third his or her position.

The SII records the claimant's last occupation in employment (anybody who has worked for at least three hours a day four months a year has been put down as employed; anybody who has not worked for five years, as non-employed). The manpower services generally consult the job-seeker's employment or training record.

Table A: Spouses' benefits under the Survivors Pensions Act: components by type of benefit and qualifying condition as at year-end 2003

Benefit	Components		
	Basic amount	Additional amount	Housing allowance
Spouse's initial pension	yes	yes (flat-rate part always payable; the rest means-tested)	yes (low income; amount of housing expenses)
Continuing pension for spouses with dependent children	»	yes (low income)	»
Continuing pension for spouses w/o children	no	»	»

Table B: Entitlement to unemployment allowance and labour market subsidy at year-end 2003**Employment condition satisfied****Employment condition not satisfied**

Days = Working days, 5 per week.

¹⁾ Special conditions apply to persons aged between 17 and 24.

Table C: Child day care: benefits and services available at year-end 2003

Home care allowance	Private day care allowance	Municipal day care
<p>Child under age 3</p> <p>Basic allowance €/month</p> <ul style="list-style-type: none"> ■ for one child under age 3 252.28 ■ for each additional child <ul style="list-style-type: none"> - under age 3 84.09 - under school age 50.46 <p>Supplement (income related)</p> <ul style="list-style-type: none"> ■ for one child only, up to 168.19 <p>Parents not required to look after their child themselves.</p>	<p>Child under school age</p> <p>Basic allowance €/month</p> <ul style="list-style-type: none"> ■ for each child under school age 117.73 <p>Supplement (income related)</p> <ul style="list-style-type: none"> ■ for each child under school age, up to 134.55 <p>Paid to the day care provider chosen by the parents.</p>	<p>All children under school age must be guaranteed access to whole-day care in a day care centre or with a family day care provider.</p> <p>Day care fee (depends on parents' income)</p> <p>€/month</p> <ul style="list-style-type: none"> ■ maximum fee <ul style="list-style-type: none"> - for the first child 200 - for the second child 180
<p>Municipal supplement</p> <ul style="list-style-type: none"> ■ availability, eligibility and amount varies by municipality 	<p>Municipal supplement</p> <ul style="list-style-type: none"> ■ availability, eligibility and amount varies by municipality 	

Table D: Organisational structure of the SII as at 31 December 2003

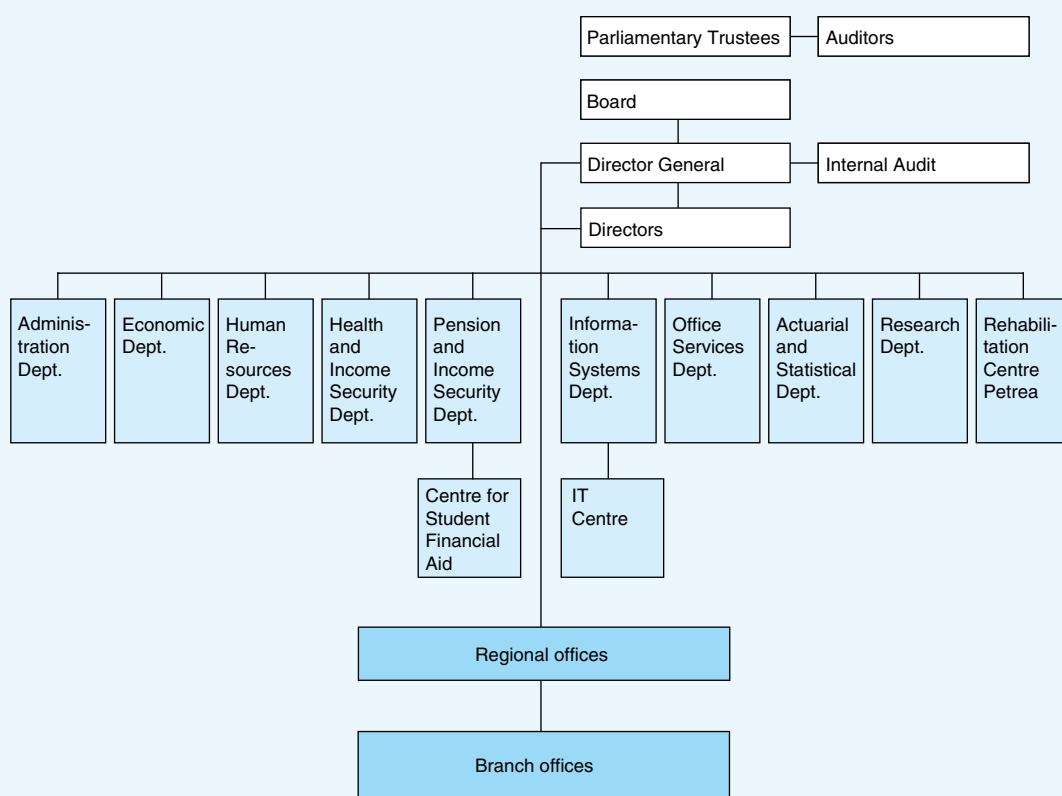


Table E: Review and appeals system at year-end 2003